



FINANCIAL TIMES

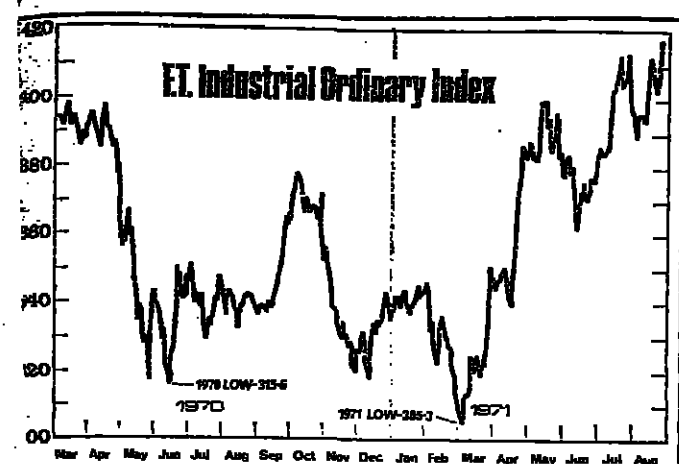
No. 25,540

Wednesday August 25 1971

6p

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Equities up 5.7 to 19-month peak



LONDON EQUITIES recent strength showed clearly yesterday when the index rose 5.7 to 417.8, its best for 19 months and a rise of 112.5, or nearly 37 per cent, since the March 1971, low of 373. The slight rise of 2.7 at 10 a.m., the index at its best at 3 p.m., when it rose 6.1. The slight rise in the leaders at the end of the day was not a deterioration in the firm tone.

The **FTSE 100** resumed rise and leap in U.K. car sales in July helped background factors, buyers were probably more encouraged by the continued news in foreign exchange markets yesterday.

There was no great expansion in buying, but institutional volumes were about and finding sizeable lines of stock very scarce.

Leaders' gains ranged to 10p and sometimes more, but international stocks, such as ICI and Unilever, made relatively little progress. Second-line issues showed up well on a broadening of demand and gains outnumbered falls 4:1. Gilt remained quietly firm.

GOLD was unchanged at \$43.30.

Dow up 11.75

WALL STREET'S index broke through the 900 level to close with a gain of 11.75 points at 904.13 on increased public and institutional demand. Volume was 5.7m. higher at 18.7m.

News Summary

INTERNATIONAL BUSINESS

London UCS bid for killers

A BID FOR UCS in its entirety will be made by Clydebank industrialist Archibald Kelly to-morrow at a meeting with Industry Minister Eden. It will be "crunch day" one way or other for the Kelly bid, said financial adviser James Sharp.

Mr. Kelly met UCS shop stewards and union officials for 90 minutes yesterday and his bid for the complex was welcomed by the stewards. However, should this fall through, he may still revert to his original offer for Clydebank alone. **Back Page**

PROPOSALS for important changes in the postal service will be put to consumer interests and P.O. staff representatives shortly but the parcels service will not be "hived off," said Post Office chairman Bill Ryland. **Page 15**

NEW TAX AVOIDANCE procedure which the Inland Revenue said yesterday involves potentially a "substantial" loss of tax, is to be curbed by legislation in the next Finance Bill. The current "loophole" involves use of premiums for very long lease payable by relatively small yearly instalments with a final, very large one at or near the lease's end. **Page 9**

LUCAS GROUP closed all nine Birmingham area components factories on the second day of the unofficial strike by 300 maintenance engineers. However, it is thought the strike would have to last 12 days before car output would be seriously threatened. **Back Page**

GOVERNMENT EXTENDED until September 8 its deadline for completion of the RB-211-Lockheed contract details. This is the second extension to be made, however, and Lockheed cannot now automatically count on a third. **Page 15**

ADVERSE PUBLICITY recently does not seem to have affected Clarksons Holidays, said managing director Tom Gullick yesterday. Bookings for next summer are arriving at the rate of 1,000 a day. **Back Page**

FORDATH foundry and engineering group directors have switched to recommending an all-share £3m. offer from Hepworth Ceramic Holdings some three weeks after announcing an agreed bid worth £2.7m. from Fosco Minsep. **Page 17**

CARRINGTON VIYELLA reports first-half group pre-tax profit of £2.4m. from sales of £77.4m. An interim of 2 per cent. is declared. **Page 18; Lex**

RENTOKIL Group interim is 9 pence (51) on first-half pre-tax profit 40 per cent. higher at £1.5m. **Page 17; Lex**

Six not prepared to bargain for surcharge removal

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

THE Common Market countries do not intend to bargain with the U.S. for the removal of President Nixon's 10 per cent. import surcharge, although this is apparently what Washington is intending. The surcharge, and other economic measures taken by the U.S. are illegal under the rules of international trade and should be rapidly dismantled.

These were the main points of a tough attack on the trade aspects of the latest U.S. economic measures delivered by Dr. Ralf Dahrendorf, leader of the Community's delegation at today's special meeting here of the 55-nation GATT Council.

It followed the general line of the Six's thinking.

Dr. Dahrendorf said the Six did not intend to respond "in kind" to the American measures, although the interests of Community industry would have to be safeguarded. The Community reserved its right, however, to take retaliatory action under GATT rules.

After warning of the serious threat to world trade posed by the measures, Dr. Dahrendorf said the U.S. was creating a very dangerous precedent by imposing discriminatory measures and then trying to negotiate with other countries for their removal. Such an approach, which several U.S. spokesmen had appeared to be advocating, was "totally unacceptable" to the Community.

The Community view, as expressed here today, is that maintenance of the surcharge for more than an extremely brief period would be a clear indication that the U.S. is setting off on a course of "beggar-my-neighbour" policies. But the Six also considers other U.S. measures—the tax credits for job development—and the export tax rebates—to be directly counter to GATT obligations.

The Community today said that all these measures should be immediately examined by an expert working group which should report before the end of next month. The working group also called for by Japan and Canada, is expected to be set up when the meeting ends here to-morrow—although its terms of reference have yet to be argued with the U.S. Mr. Nathaniel Samuels, deputy Under-Secretary

U.K. warning

The firm Community line was followed by a warning from Britain that the surcharge might actually impede the realistic adjustment of currencies that the U.S. is seeking, and that it would be difficult for other countries to make appropriate parity changes at the same time that they were facing the surcharge, Sir Max Brown, of the Department of Trade and Industry, told the meeting.

Sir Max said the fact that the U.S. was seeking exchange rate changes, at the same time as the surcharge, made the situation quite different from the time when Britain had imposed its own import surcharge.

Although the U.K. did not specifically align itself with everything that the Community said during today's formal meeting, Community sources said that in private contacts the British delegation had clearly indicated

Hawker wins £20m. order for Tridents from China

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

HAWKER SIDDELEY Aviation has signed a contract in Peking for the supply of six Trident 2E jet airliners, worth about £20m. including spares, to the People's Republic of China. Deliveries will be spread over the next two years.

The contract was signed by Mr. J. A. Johnstone, executive director, marketing, of Hawker Siddeley's Hatfield division, who has been leading a negotiating team in Peking for the best part of the last six months.

The deal brings total Trident orders to date to 85 aircraft, of which 65 have so far been delivered. The six aircraft represent about six months' work for Hawker's civil aircraft manufacturing activity.

Rolls-Royce (1971) will share in the order, since three of its Spey turbo-jet engines power each Trident. Many sub-contractors throughout the U.K. will also benefit.

The deal is a major breakthrough for Hawker Siddeley, and it has been won in the face of competition not only from British Aircraft Corporation, which was hoping to sell China one Eleventh, but also the French Aerospatiale

Air show

The Chinese first showed interest in the Trident—and British aircraft—last year when a top-level mission from that country visited aircraft plants in the U.K.

The Trident 2E can seat up to 149 passengers, according to the configuration required. It has a range of up to 2,300 nautical miles, which makes it capable of not only linking Peking with most of the other major cities of China—Canton, Hong Kong and Shanghai—but also of linking China with international points, such as Tokyo, Manila, Singapore (via Hanoi) and other South-East Asian centres.

The order, in fact, raises questions whether China is now getting ready to seek international air links of its own, which hitherto it has not had except to Russia. The only Western airline currently regularly flying into China is Pakistan International Airlines, from Dacca in East Pakistan.

It was the sale late last year to China by Pakistan International of four secondhand Trident 1E airliners that is believed to have led to Chinese interest in more up-to-date versions of the aeroplane.

Thus, China will now have a fleet of 10 Tridents, which, so far as is known, are the only jet airliners that the Civil Aviation Administration of China has got. Its fleet, according to the latest available information in the West, comprises mainly a small number of turbo-prop (six ageing British Viscounts) and a fleet of Russian piston-engine airliners, mainly Ilyushin 14s and elderly Antonov An-2s.

Grand Met. now set to win Truman

BY KENNETH GOODING

MR. MAXWELL JOSEPH'S Grand Metropolitan Hotel group one big headache—the massive Watney stake in Truman shares—will be dealt with. But it is understood that the individual advisers—Guinness Mahon for Watney, and S. G. Warburg for Grand Met—already have been considering what can be done.

3p jump

Reflecting the widely-held view that whichever group won control of Truman at the current price would have to work hard to justify the Stock Market welcome, Watney's apparent failure by sending its share price up 8p to 131p at one stage yesterday, but by the close the price had eased back to 127p, a gain of 5p on the overnight level.

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)			
RISER			
Allied Breweries	130 1/2	+ 5	
Argyle Securities	78 1/2	+ 11	
Army & Navy Stores	243 1/2	+ 12	
BSR	353 1/2	+ 15	
Bowater	168 1/2	+ 7	
Carillon Industries	112 1/2	+ 10	
Courage	131 1/2	+ 7	
Court Bros. "A"	207 1/2	+ 12	
Cumard	218 1/2	+ 10	
Distillers	157 1/2	+ 8 1/2	
Ensis	95 1/2	+ 4	
Pisons	311 1/2	+ 9	
FALLS			
Greaves Org.	130 1/2	- 7	
G.U.S. "A"	420 1/2	- 12	
Guest Keen	400 1/2	- 13	
Jessel Securities	268 1/2	- 12	
Lunt Comley & Pirt	114 1/2	- 9	
Royal Insurance	418 1/2	- 11	
Shipping Ind. Hldgs.	268 1/2	- 15	
Trafalgar House	130 1/2	- 6 1/2	
U.D.T.	218 1/2	- 8	
Vickers	78 1/2	- 7	
Watney Mann	127 1/2	- 5	
Wentworth	127 1/2	- 15	
Barymin	37 1/2	- 9	
CAST	205 1/2	- 10	
Hampton Areas	112 1/2	- 15	
Hampton Bros.	25 1/2	- 9	
Pacific Oil	104 1/2	- 20	
Selsat Exploration	77 1/2	- 8	
ANAL. METAL			
Brown Bros. Albany	165 1/2	- 6	
Gates (F. G.)	69 1/2	- 12	
Kitchen Taylor	87 1/2	- 8	
Kursaal	90 1/2	- 10	
Land Securities	196 1/2	- 8 1/2	
Saville Gordon	45 1/2	- 15	
Buffelstein	170 1/2	- 15	
OPST	590 1/2	- 25	
FINANCIAL TIMES			
Govt. Secs.	75 1/2	- 7 1/2	
Flag Interest	74 1/2	- 7 1/2	
Industrial Ord.	47 1/2	- 3 1/2	
Gold Mines	53 1/2	- 3 1/2	
Ord. Div. Ind.	53 1/2	- 3 1/2	
Earnings Yield	5.70	- 5.81	
P/E Ratio	17.42	- 17.22	
Debt/Equity	11.32	- 11.32	

Forward £ strong—\$ again falls back

BY MICHAEL BLANDEN

THE DOLLAR lost further ground against leading European currencies yesterday. On the second day since the pound was allowed to float, in company with the Italian, Belgian and Scandinavian currencies, the market remained calm, though still somewhat erratic.

The pound ranged rather more narrowly than yesterday, closing at \$2.445, an effective revaluation of just under 2 per cent. from the par value of \$2.40, compared with \$2.44 on the previous day. The strength of the pound was particularly evident in the forward market where buying, including some commercial orders, left the pound at a premium over the dollar for periods up to six months.

Uncertainty

An element of uncertainty was introduced by reports of International Monetary Fund proposals for substantial revaluations to new fixed parities of the major currencies. The D-Mark, the pound and the French franc. Though most dealers tended to discount these ideas, the news made some impact, particularly in Frankfurt.

Some dealers thought they detected signs of a tentative renewal of speculative activity. As on Monday, the market was moderately active, a reasonable amount of business being done but in relatively small individual amounts. Much of the activity was for normal commercial and trade with the banks still catching up on the backlog of business.

The amount of inter-bank business done remained relatively small. But it was thought by some sources that some new speculative positions against the dollar might have been taken on a small scale, adding to the weight of the huge currency flows which took place before the market was closed.

Among the European currencies the D-Mark, which had lost some ground on Monday, strengthened. It closed in London at DM3.39, to the dollar, an effective revaluation of 7.8 per cent. from its old parity. The Dutch guilder rose in sympathy, as did the Belgian franc, to which it is now linked. The Swiss franc was also strong, with the Swiss National Bank still out of the market. It closed in London at Swiss Frs.3.85 to the dollar. Similarly the Italian lira, with no central bank intervention, gained a little ground.

The French two-tier exchange rate system appeared to be settling down as dealers got to grips with its practical operation. The dollar lost ground against both the commercial franc, at Frs.5.52, and the financial franc, which in a thin market ended at Frs.5.43 to the dollar.

In New York, the dollar lost a little more ground against certain currencies after the close of dealings in London. Sterling improved 6 points to \$2.471, and Swiss francs hardened 1 cent to Frs.3.97 to the dollar. Against currencies such as the Dutch guilder the dollar recovered a shade, however.

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Japan's position Page 15

THE £ ABROAD

	Close	Aug. 24	Previous
New York/£	\$2.445	\$2.445	\$2.445
Do. 11 months	\$2.52	\$2.52	\$2.52
Do. 24 months	\$2.52	\$2.52	\$2.52
Do. 36 months	\$2.52	\$2.52	\$2.52
Do. 48 months	\$2.52	\$2.52	\$2.52

IMF issues statement on parities 'leak'

BY JOHN GRAHAM, U.S. EDITOR

WASHINGTON, Aug. 24.

THE International Monetary Fund, in very considerable embarrassment, attempted this morning to put down reports that it had devised a table of specific currency revaluations for consideration by the Group of Ten and by the whole Fund membership.

The senior management of the Fund has prepared a working paper, and this is circulating between the executive directors. It offers proposals for a small increase in the dollar price of gold, and for exchange rate changes over and above that, also suggests a widening of the trading margins around parity.

The paper suggests a 15 per cent. revaluation for the yen, 13-14 per cent. for the D-Mark, and about 7 per cent. or more for the British pound and the French franc, although these are in no way final proposals. After reports of these proposals reached the financial markets in Europe, the highest echelon of the IMF held a sudden meeting and released the following statement:

Unauthorised

"In current circumstances surrounding market developments, the Fund staff has naturally made a variety of informal calculations relating to payments situations and similar matters. But no figures about possible currency realignment or related matters can be considered authentic unless and until they have been agreed by, and their release approved by, the Fund. There has been no such authorisation up to the present time."

This statement—under the name of M. Pierre-Paul Schweitzer, managing director of the Fund—was all that anyone would say about the matter. There was no attempt to deny any specific figure mentioned in earlier reports of the paper's contents. There was much surprise at the effect the reports had had in the markets, and the mere publication of a "denial" statement shows how seriously

Group of Ten

Finance Ministers of the Group of Ten will meet "probably on September 15 in London and a meeting of Deputy Ministers of the group will be held in the very near future." (Canadian Finance Minister Edgar Benson announced.)

The Deputy Ministers' meeting will take place before the Finance Ministers' meeting in London. Mr. Benson said after talks with Senator Rinaldo Ossato, chairman of the deputies of the Group of Ten.

the Fund regards such speculation.

There is, though, some truth in the published accounts of the working paper. M. Schweitzer has let it be known over the last three days that he personally favours a solution in the present uncertainty containing at least three elements: an increase in the dollar price of gold, further currency revaluations, and a widening of the trading margins possibly to 3 per cent. each side of parity.

The 15 per cent. revaluation suggested for the yen is conceded to be a possible figure, but neither underlying payments situations nor the trading patterns in the money market suggest that the D-Mark should be revalued by as much as 13 per cent. against the dollar, nor the British pound, for instance, by 7 per cent.

What M. Schweitzer would like now is for his proposals to be considered by the Group of Ten. That there should be any public speculation at all about the Fund's working paper is regarded by the senior staff and the executive directors. The Fund's official spokesman was

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SOME OF THE TOUGHEST WOOD PROBLEMS IN THE WORLD ARE BEING SOLVED BY ONE ORGANISATION:

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tallest tree in the forest

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Pensions

Sir—I read your issue of August 16 and I was interested in Mr. E. H. Lang's letter under the headline, Pensions Anomaly. I have also read and been very interested in similar letters published from time to time on the same subject by other newspapers, but cannot really express surprise that, as far as the ordinary man can see, they have achieved precisely no result, things being as they are.

If I may say so with full apologies to all your previous correspondents, they have all of them expressed the problem, but none of them, as far as I know, has any ideas as to how to achieve the really justified result. The individual pensioner can do nothing effective at all, nor could even large groups of pensioners, and as you will agree, sir, letters to the newspapers achieve a certain amount of temporary publicity which soon fades away. To get anything of this nature achieved now, however, would be a long overdue, you can do nothing at all unless you have got the big battalions behind you.

Big battalions

And yet, if you think of it, old age pensioners like myself, and thousands like me, have got two very big battalions behind us. Indeed, battalions whose whole object and concern in life is the well being, as far as is humanly possible, of all their members, both old and not so old, and certainly the very old.

One of these big battalions, whose object most certainly is the welfare of their old members, is the National Association of Pension Funds—if I have got the right name—who now must control vast financial power, and the other, of course, is the trade unions, probably through the TUC headed by Mr. Vic Feather. Perhaps one might even hope that, for a cause such as this, these two great organisations might act for the benefit of their older members and, in the case of the TUC, their ex-members, with one voice, and thus really achieve the rectification of what must today be one of the most indefensible acts of financial discrimination practised against the old and very old and otherwise helpless that exists.

Myself, am now well into my 71st year. I have been a victim of heart disease for many years, and that is why I am living where I am. It may even be the reason why I am still fortunate enough to be still living.

However I think that it is only fair, on behalf of myself, and many like me, to point out the benefits of living abroad are not confined to us who are living abroad alone. We are no longer a burden on the National Health Service at home as we would otherwise be, we are no longer a potential liability on any of the other welfare services either, and if we were living at home I think the burden would be considerable.

In addition, by living abroad as we do we have created a demand for British goods and services, and these goods are now not only purchased by us old retired Britons, but by many other nationalities as well, and even, to a small, but growing degree, by the Spaniards themselves.

I have written to the manager of my own industrial pension fund along these lines myself and there may be others in whom I can create an interest.

Assignment to others

Sir,—It has recently been announced that the Government is to issue a White Paper on the subject of pensions. Is it too much to hope that this may include a provision which will enable retirement pensioners who do not need a pension to elect to assign this or part of it to a fund for distribution among pensioners who have no other means?

Such an encouragement of altruism, seldom officially encouraged, would improve and sweeten social relationships in the body politic by introducing a new atmosphere of co-operation.

John Kemp,
Harmony Cot, Trevelas,
St. Agnes, Cornwall.

Bank charges increases

Sir,—I have read Mr. E. W. Wingrove's letter (August 19) with reference to banking practice with interest. It may be that, added to his experience, my experience will stir the curiosity of others with bank accounts to examine more closely their charges and to question the reasons for any increases that may have been made.

About three years after I married I noticed quite an astounding increase had been made in my bank charges. This did not reflect any additional services which I was calling on the bank to provide because there were none. My wife and I took the matter up with the manager concerned. His explanation, on behalf of myself, and many like me, to point out the benefits of living abroad are not confined to us who are living abroad alone. We are no longer a burden on the National Health Service at home as we would otherwise be, we are no longer a potential liability on any of the other welfare services either, and if we were living at home I think the burden would be considerable.

We obtained quotations from all the other banks in the location on the basis of our then banking requirements. The outcome of this was that we transferred our account to another

Bank charges

bank, the charges quoted and accepted by us being less than one-sixth of the previous charges.

All was well until some four years later the manager returned soon after the new manager took over my charges started to increase. Once again without any prior notice I questioned the new manager as to the reasons for this considerable increase (300 per cent.). He insisted that he considered the new charges were reasonable and refused to reduce them.

I pursued the matter with the Board of the bank concerned. After investigation I was reimbursed with the full amount of the increase.

Having moved in the meantime, I decided to transfer my account to a bank nearer my home. I reasoned that since I had charge and, at the same time, obtained a written assurance that my charges would not be increased without prior notification from the manager.

My account has now been with this branch for three years. Ten days ago I received my statements—my charges have been increased.

I took the matter up with the manager, pointing out that the transactions through my account had not changed appreciably over recent years except that on average the cash balance had increased. His reply, received the following day, referred to the general Press comment regarding the increase in bank charges. He also inferred that another factor was a bank loan which commenced about 15 months ago.

I replied reminding him that as far as the loan was concerned there was no indication from him at the time the loan was negotiated that my annual charges would increase. Also that I had paid an initial charge for the privilege of being granted a loan and that I had paid interest on the outstanding amount ever since. His original reply intimated that once the loan had been fully repaid my charges would fall. In my reply I sought confirmation that this would be the case. I also asked why he had not honoured his letter stating that no increase would be made without prior reference to me. To date I have received no reply.

R. C. Ashby,
14, Pinecroft,
Surrey Court Road,
Marlow.

Wide range of services

Sir,—Mr. Haywood Nelms can hardly blame Mr. Emmerson for missing the point when he only said that the bank he was using (August 23) that his complaint concerns the reasonableness of bank charges and not their mere existence. Both of his attempts at clarity

Bank charges

cry out for a reply and I should like to address the following points for his attention:

a) The clearing banks do, in a sense, operate as shops or stores. They offer a wide range of financial services, only some of which are charged for. They have two very popular "lines." One is their "banking" service which involves the lending of money to a motley of customers and non-customers.

The other is their "bookkeeping" service which provides for the payment and collection of cheques, regular statements, standing orders etc. This is quite separate from the lending function and is costly to operate. A charge is made for the work entailed to the bank, less an allowance for any average credit balance maintained during the period.

The latter service can be, and in thousands of cases is, provided quite independently of the former one—a fact which Mr. Haywood Nelms does not appear to appreciate.

b) As he states that banks' basic commodity is money, why does he object to being charged 5 per cent. (hardly a high price) when he makes use of it?

c) Will he not allow that the overheads of the banks are increasing as they are in other businesses? Some of this increase must be passed on to customers. It is not enough to call an increase in the price of bread iniquitous or immoral without taking into account the rising cost of flour or transportation.

d) Customers are not precluded from shopping around simply because the banks do not publish their full tariffs (a practice, incidentally, which I dislike as much as Mr. Haywood Nelms). May I suggest he tries telephoning a few banks to ascertain what they would charge to run his account for six months? He might be agreeably surprised.

e) It is Mr. Haywood Nelms' privilege to conduct his banking affairs through the medium of the state-run Post Office Giro if he so wishes. He might find a reduction in the number of services provided and intermediate delays in obtaining replies to queries. He may even have to continue to subsidise it along with the remainder of the taxpayers of this country.

M. A. Pitcher,
103, Ellis Road,
Crowthorne, Berkshire.

Exhibition centre

Sir,—I refer to Mr. Alan Wright's letter (August 20). If he is sincere in his belief, I would not question for one moment his right to put forward the opinion that Birmingham is

Bank charges

the proper location for the major exhibition centre in this country. However ill-conceived that view might be, but I do wish he would at least set his facts straight.

Mr. Wright refers to "Birmingham's original initiative in promoting the National Exhibition Centre." I would beg to point out that the Lyon Group were preparing a scheme for a proposed International Exhibition Centre to be located in the London area in the spring of 1968, and their first report was presented to the Minister of State at the then Board of Trade on June 25, 1968.

As a result of the Lyon Group's initiative, in this connection, the progressive Birmingham Chamber of Commerce realised the potential and seized the opportunity to climb on to the bandwagon some 15 months later—in the second half of 1969.

Charmian Lyon,
Lyon Group,
Lyon Tower, High Street,
Colliers Wood, S.W.19.

A local tax on cars

Sir,—The possibility of local authorities instituting a levy on private cars, put forward by Mr. David Kutt (August 18) is one which has been a fact in Spain for many years. For instance, on my 1000 cc car, I am required to pay 350 pesetas per year, the equivalent of £2.10, to the Fuengirola Council. The more powerful the car, the more the local tax.

Other excellent tax gathering ideas are in vogue in this country, such as (a) Road Fund tax for the life of the car is paid in the purchase price of all new motor vehicles and (b) Licence fees for the life of the set are paid to the retailer on all new TV sets. It seems "the life" of a vehicle on TV set is judged to be in the region of 10 years.

If as one is constantly reading, the British Government (and therefore other tax payers) are being bilked out of millions of pounds every year by defaulters who run motor cars and have TV sets without paying the annual licence fees, EEC Government could do far worse than take a leaf out of the book of the Spanish authorities.

Leslie Pickard,
Aparado No. 8,
Fuengirola, Malaga,
Spain.

Valuation of stocks

Sir,—In reply to your correspondent Mr. E. Blackwell (August 23), the fact that this year's stock contains items which were not included in last year's stock should not present any difficulties.

Price variance is simply the

Private companies

difference between this year's stock valued at this year's prices and last year's stock valued at last year's prices. Any new item of stock is added to this year's stock valued at last year's prices as well as to this year's stock valued at this year's prices, leaving the price variance unaltered; only the quantity variance will be affected. For example, a company which commences with all stock but which has 10,000 stock after one year's trading will show this 10,000 as a quantity variance.

Similarly any item in last year's stock but not in this year's stock will automatically be shown as a quantity variance.

The introduction of floating exchange rates has increased the desirability of separating exchange rate variances from quantity variances not only in respect of stock but also in respect of other assets. One wonders whether such variances will be shown when the gold and dollar reserves are next announced.

Peter Lodwin Griffiths,
11, Gloucester Place, W.1.

Private companies

Sir,—Who can calculate the cost to the nation of the high and rising unemployment with its attendant temporary expedients to the solution of the present serious unemployment problem.

Urgent action is now required to put life into industry by the creation of new jobs which will, in turn, create wealth. The creation of jobs is more likely to come from the joint action of a large number of dynamic privately owned companies than from public companies, who by their very size are inert and vulnerable to collapse. It is not generally known that a very large percentage of our gross product comes from privately owned companies often headed by one man. These men, designers and inventors, almost always working in private companies which they themselves have built up, are the creators of jobs for the skilled workers, and such men should be given the incentive by a reduction of the present tax burden, and especially by the elimination of penal estate duty which at present has the effect of regularly killing off successful private companies.

A typical example of a private company selling out to meet the demands of impending estate duty was recently reported (Economic May 22, 1971) in which factors in an estate planning company, Adcock and Shipley of Leicester, sold out to an American company, Mr. Alan Shipley, chairman, who owned half of the company, stated that were he

Private companies

die the resultant estate duty would bankrupt the company. Frequently one learns of similar instances of prosperous private companies selling out, not in any desire to abandon business, but simply to acquire the cash to meet the demands of estate duty. This gradual erosion of private enterprise, yet it is a continuous process and the resultant loss to British industry is incalculable. Also, small vigorous companies are invariably weakened and their enterprising creative work stifled when merged with big combines and, where the take-over is by a foreign-owned company, many of the derived profits disappear abroad.

It seems a very short-sighted policy to kill off so many successful privately owned companies in raising a relatively small amount of revenue and, at the same time, to dole out vast sums of public money on wasteful and uneconomic enterprises. Factory buildings and machine tools do not by themselves create jobs and employment on the making of roads and such like enterprises, although desirable, can only be temporary expedients to the solution of the present serious unemployment problem.

J. Jewell,
12a, Gold Hill East,
Chalfont St. Peter,
Bucks.

Holiday troubles

Sir,—Perhaps in the interests of the British holidaymakers abroad I might be allowed to elaborate on the computerised "satisfaction scheme" reported in your columns (August 20 page 12).

The scheme has been devised by my company in collaboration with Thomson Holidays, who have very generously offered to make it available to the travel industry as a whole.

The system is based on a questionnaire containing fourteen questions which holidaymakers are asked to answer when returning from their holidays abroad. Each question asks for a "very good" or "satisfactory" or "poor" rating. The first four cover the journey from home via U.K. airport, the flight and foreign airport. The remaining ten deal with the hotel and holiday resort—its food, accommodation, amenities, facilities for children and so on, and the helpfulness of the Thomson representative.

Analysis of the answers provides Thomson with a ready survey and control over the demands of impending estate duty was recently reported (Economic May 22, 1971) in which factors in an estate planning company, Adcock and Shipley of Leicester, sold out to an American company, Mr. Alan Shipley, chairman, who owned half of the company, stated that were he

Population explosion

Sir,—Mr. Armitage (August 5) suggests that Joe Rogaly, in an article on August 16, was implying that the population explosion. But his quotation does not put his point, for Mr. Rogaly men asserted that population refused to grow at the rate predicted; that it did not, at times, grow faster than the predicted rate, but that there was a slump in the past of population growth more slowly than predicted (1 and after the 1940s family might be an example), just now many populations (but I all) grow much faster.

As for the mass starvation predicted by the Ehrlichs and others, it is certainly quite possible we shall be facing an even graver crisis in this regard by the end of the century than we are today; but it would be equally unrealistic to ignore, as Mr. Ehrlich seems to do at times, the do, some of the more encouraging lessons of history. To take one country, if Mr. Armitage refers to R. C. K. Enns England 1870-1914 in the Obit History of England series, 1970-1971, he will find that English birth rate of a century ago was over twice what it is today, that a large part of this reduction can be only ascribed to people learning to use contraceptives. Is it not reasonable to suppose that with literacy and sustained governmental and international effort the peoples of Latin America, Asia where population is growing fastest will become equal educated in the use of birth control methods, bearing in mind that these are much more advanced than they were a century ago, and considering the gravity of the crisis? This is to deny that mankind may survive "by the skin of its teeth" but the pessimists do us no service when they assert that situation is hopeless.

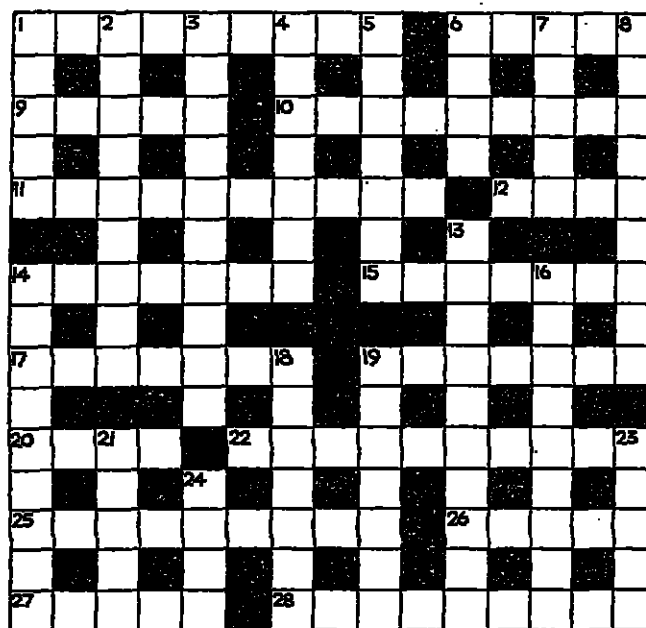
George Chowdhury-Best,
174, Clay Hill Road,
Basildon, Essex.

Events

To-day

COMPANY MEETINGS—BENTLEY STORES, Birmingham, 12. Chairman, Mr. S. Cohen. CRO PEARLS, Cafe Royal, W. 12. Chairman, Mr. V. Khoroch. ERF, Sandbach, 12. Chairman, Mr. E. P. Jones. ELDRIDGE STABLEFOOT, 1. Bolegrave, 12. Chairman, Mr. R. A. Elmdale. GRIFFITHS BENTLEY, Winchester

F.T. CROSSWORD PUZZLE NO. 1,654



ACROSS

- 1 Separate by a blow when the workers return? (6, 3)
- 2 It sounds to be a swell fabric (3)
- 3 Is the girl to spring? (5)
- 4 Adjusts part of the roof for eavestroughs (9)
- 5 "The gross claps of a — Moor" (Othello) (7)
- 6 The king who to the city. Depend on it (4)
- 7 Seize Greek fruit (7)
- 8 The direction is "fortissimo," but the finish I conclude for the master (7)
- 9 Enraptured near the leaflet (7)
- 10 A scholar has small title in the Bolearies (5)
- 11 Where Sappho loved and sung? (5, 4)
- 12 Inactive apparatus? (5)
- 13 Opposing a relative with thanks when in a hole (9)
- 14 Maintain a part on the field? (4, 2, 4)
- 15 A swathing and a man — As many other manish cowards have — (As You Like It) (7)

DOWN

- 1 Theatre making a lot of money? (7)
- 2 To frame the band (4)
- 3 Expect a cairn (5)
- 4 E'er my fine transition comes from the other side (5, 4)
- 5 From the start a reduction in currency (3, 3, 4)
- 6 The man's gland could be found in bridge (5, 4)
- 7 Absence of dynamite reduces cost to zero (2, 7)
- 8 The boy comes as the gale springs up, causing a delay (4, 3)
- 9 Article with no energy allays the joint (7)
- 10 Mechanism demanding one's attention? (5)
- 11 Ron comes back from the Danish castle for the girl (5)
- 12 Gun for brothers? (4)
- 13 SOLUTION TO PUZZLE No. 1,653

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10 A SCHOLAR HAS SMALL TITLE IN THE BOLEARIES (5)
11 WHERE SAPPHO LOVED AND SANG? (5, 4)
12 INACTIVE APPARATUS? (5)
13 OPPOSING A RELATIVE WITH THANKS WHEN IN A HOLE (9)
14 MAINTAIN A PART ON THE FIELD? (4, 2, 4)
15 A SWATHING AND A MAN — AS MANY OTHER MANISH COWARDS HAVE — (AS YOU LIKE IT) (7)

TV Radio

* Indicates programme in black and white.

BBC 1

12.25 p.m. Nai Zindagi-Naya Jeevan. 12.55 p.m. Tony and Alma. 1.30 p.m. Watch with Mother. 1.45 p.m. News. 1.50 p.m. Play School. 1.55 p.m. Jock Macrae. 1.55 p.m. Behind the Scenes with Normal Taylor: The Flying Falcons. 2.20 p.m. Chingachook and the Lone Hunter. 2.44 p.m. The Adventures of Parsley. 2.50 p.m. News. 2.55 p.m. Nationwide and Your Region To-night. 3.00 p.m. Music on Command in the presence of Her Majesty The Queen. A Hundred Pipers and More. 3.10 p.m. Mission Impossible. 3.20 p.m. Paul Temple. 3.30 p.m. The Fifties: a look at the 1950s. 3.40 p.m. News. 3.50 p.m. Nine O'clock News. 4.00 p.m. The Big Flame. 4.10 p.m. 24 Hours. 4.20 p.m. Antlers' Corner: Perch. 4.30 p.m. News. 4.40 p.m. Wales. 4.50 p.m. Wales. 5.00 p.m. Wales. 5.10 p.m. Wales. 5.20 p.m. Wales. 5.30 p.m. Wales. 5.40 p.m. Wales. 5.50 p.m. Wales. 6.00 p.m. Wales. 6.10 p.m. Wales. 6.20 p.m. Wales. 6.30 p.m. Wales. 6.40 p.m. Wales. 6.50 p.m. Wales. 7.00 p.m. Wales. 7.10 p.m. Wales. 7.20 p.m. Wales. 7.30 p.m. Wales. 7.40 p.m. Wales. 7.50 p.m. Wales. 8.00 p.m. Wales. 8.10 p.m. Wales. 8.20 p.m. Wales. 8.30 p.m. Wales. 8.40 p.m. Wales. 8.50 p.m. Wales. 9.00 p.m. Wales. 9.10 p.m. Wales. 9.20 p.m. Wales. 9.30 p.m. Wales. 9.40 p.m. Wales. 9.50 p.m. Wales. 10.00 p.m. Wales. 10.10 p.m. Wales. 10.20 p.m. Wales. 10.30 p.m. Wales. 10.40 p.m. Wales. 10.50 p.m. Wales. 11.00 p.m. Wales. 11.10 p.m. Wales. 11.20 p.m. Wales. 11.30 p.m. Wales. 11.40 p.m. 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Farming
and Raw
MaterialsIndia to retain
some U.S. food
aid shipments

NEW DELHI, August 24. A DECISION by India not to renew the Public Law 480 food aid agreement with the U.S. will not affect imports from the U.S. of edible oils, cotton, protein foods, and some other items, officials said here today.

The decision was made on a statement by Mr. Annasabhai Saide, the Minister of State for Food and Agriculture, that the Government would not renew the agreement when it expired in June, 1972.

The decision will only affect concessional foodgrain imports financed by PL-480 soft loans, which India has been repaying in rupees, they said.

Most of the vegetable oils (mainly soyabean, cotton and a few other items) including some wheat which is bought on outright grants from the U.S. Government under PL-480 will continue, they added.

Ceylon advice
for Indonesian
tea project

By Our Own Correspondent

COLOMBO, August 24. WHITTALS, the Ceylonese company, which acts as agents for many British and Indian companies, has secured a contract with two State corporations in Indonesia to provide consultancy services to improve Indonesian tea plantations and factories.

About 60,000 acres of tea are involved and Whittals which won the contract in competition with bidders from other countries will send a team of four planters and two accountants.

The World Bank has agreed to make U.S.\$3.5m. available to Indonesia to finance the foreign exchange component of the country's tea rehabilitation project.

HOPS BOARD GETS
NEW WAREHOUSE

A new 75,000 square feet two-storey warehouse has just been completed by the Hops Marketing Board at Paddock Wood, Kent, which with the existing warehouse there will enable the centre to handle half the English hop crop. High costs and traffic congestion dictated moving storage from the traditional home of the hop trade in the Borough, Southwark, London.

Grouse prices tumble in
wholesale markets

BY GODFREY BROWN

PLENTIFUL supplies of grouse being charged by specialist retailers for large-volume sales and a demand diminished by the holiday season have brought prices tumbling in the wholesale markets. Best young grouse were being quoted at 40-45p each at wholesale level yesterday, some 10-15p cheaper than at this time last year. "I've never known them drop so quickly," said yesterday's birds from one retailer with a large grouse trade to restaurants and hotels in the West End of London. "The first day of the season they were costing us £2.25; the second day they could be bought for £1."

Bunch of birds

Yesterday he was selling the very best young grouse at 70p each: last year at this time the price was 25s 6d (£1.21). Best medium grouse were 65p. Medium in this context means condition, not size, and indicates birds that may be a bit too high or damaged by the fall after the shooting. He was charging 45p for second medium grouse, a mixture of birds including small ones and those not in good condition.

These are the sort of prices

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Another
quiet day in
commodities

By Our Commodities Editor

YESTERDAY'S reported IMF proposals on future exchange parities—later decided to have no practical impact on London commodity markets, which had another quiet, unexciting day.

While the currency situation continues to create an air of uncertainty in some sections of commodity trading, the markets generally appear to be searching for fresh incentives.

Silver was fixed 8.5p down on the bullion market at 64.5p an ounce spot delivery. It is now very near to the lowest level of the year, emphasising the limited effect the currency crisis has had on commodity prices.

Trading on the London Metal Exchange copper market was again at a low ebb. After fluctuating within a narrow range, cash wire was eventually closed at 449.5s a ton, 22.5s higher. The three months wire was 450.5s a ton, 22.5s up at 450.5s a ton. While the market appears to be resisting going lower, it lacks the consumer buying interest to push prices upwards—a diagnosis which can be applied to a number of other markets.

Tin displayed a steadier tone, with the cash price ending the day 23.50 higher at 1413.5 a ton. In contrast the LME cash lead price fell sharply by 1.875 to 1410.5 a ton—the lowest level since 1965.

Elsewhere, rubber continued its downward drift, sugar closed lower in line with speculative sell-off in New York, while cocoa and coffee were very quiet and little changed.

Partial return
at Le Nickel

NOUMEA, August 24.

LE NICKEL sources said around 32 per cent of Noumea workers, including staff and some of all employees at the inland mining centres accepted the company's invitation to return to work yesterday. But a meeting of the main New Caledonian union (Socno) maintained the strike call.

Socno said in view of the return to work by the minority unions, it will withdraw the labour of its own members who during the seven week strike have been assuring the minimum security firing of the blast furnaces.

FISHING SUPPORT
SHIP LEAVES HULL

By Our Commodities Staff

The Department of Trade and Industry trawler support ship "Miranda" leaves Hull today for a three-week tour of duty in the waters of the British trawler fleet on its fishing grounds in northern waters. The majority of the trawlers are fishing off South-East Ireland.

THAILAND AGRICULTURE

Progress in cutting
rice down to size

BY A SPECIAL CORRESPONDENT

THAILAND has a galloping price of payments problem. Last year the deficit leapt to U.S.\$122m. from \$48m. In 1969 the deficit was U.S.\$122m. The deficit must rest on agriculture, yet the growth of agricultural output rose only three per cent in 1970, compared with 10 per cent in 1968. Meanwhile the projected population increase is such that the present 36m. or so may well grow to 50m. by 1981.

The crux of the problem is Thailand's deteriorating export trade in its major commodity, rice. 2m. tons in 1969, plus the exportable surplus from the 13m. ton crop of paddy (8m. tons of milled rice) produced in the crop year ended March 1971. Meanwhile the "American Presence" which brought so much spending money into Thailand is disappearing as the Vietnam war runs down.

Thailand certainly needs help to maintain its economic position, particularly as its present difficulties are a time when expenditure on national security cannot be cut.

British aid

Britain gives a substantial quantity of aid to Thailand and much of this has some connection with agricultural development, the improvement of the rural scene and the development of the financial year April 1971 to March 1972 is £1m. for technical assistance plus £300,000 for regional organisation in Thailand (for example the new Thailand Institute of Technology) and £1m. for the formation of co-operatives and operation centres.

Increasing emphasis is being placed on consultancy advice and feasibility surveys. A major work of this nature was the report of C. H. Mandersham and Partners, London, on the Development of Export Industries in Thailand—devoted almost entirely to agricultural products. Now Hunting Technical Services have nearly finished a Yom River water and land resources survey.

The underlying thinking of the report is that Thailand must diversify to reduce its dependence on rice. Paddy farming affects over 70 per cent of the population. From the air much of Thailand looks like one great paddy field, the expanse of water broken only by a few banks and roads and dotted with water buffaloes, which are the major draught animals. In fact rice occupies almost three-quarters of the arable land.

The high quality, long-grained Thai rice has long been a safe export commodity and the country's major foreign exchange

earner. But since early 1968 the price has been low. Changes in eating habits in some countries and increases in production of other—largely as a result of the breeding of improved varieties of rice by the International Rice Research Institute in the Philippines—have precipitated a world surplus in rice.

In the opinion of the Thai, the methods of disposal of rice on the world market by the U.S., Italy, Communist China and Japan amount to dumping. They have protested unsuccessfully to the U.S. over the non-commercial distribution of large tonnages of rice through PL480 and other aid and barter arrangements with developing countries.

An American reply is that such dealings are only with countries that could not afford to buy rice at the market price.

What prospects are there for taking the pressure off rice? Looked at physically the possibilities of physical diversification are great and varied. Looked at in economic, marketing and psychological terms, considerable limitations—at least to rapid change—become apparent.

Fortunately there are important exceptions to this. Rubber and maize are going ahead and should outstrip rice as export earners within the current decade. There is even a possibility of oil seeds (including products therefrom) assuming an important position.

The Rubber Research Centre is pioneering improvement in the marketing procedures (traditionally heavily biased by middlemen) through the formation of co-operatives and operation centres. The plan is to tackle the problems of quality guarantee and standards of Thai rubber offered on the world market by developing the production of black rather than smoked rubber.

Maize is a crop which is becoming much more important in Thailand. Currently, it is considered mainly as a primary export product, but the implications are that it could eventually be important in the development of a livestock industry. Production has shot up from about 500,000 tons in 1946 to approximately 1.4m. tons today.

Maize is not a particularly rewarding crop for the Thai farmer in his present impoverished position. The sudden rise in value of maize on the world market in 1970 saved him from what would undoubtedly have otherwise been a sagging situation. He is always going to be desperately vulnerable unless the buffer of an economically-justified home market (through livestock) for maize can be developed.</

American News

Bolivian pledge to investors

By Hugh O'Shaughnessy

SR. RAUL LEMA PELAEZ, the Finance Minister in Colonel Hugo Benzer's new Government in Bolivia, has said that the new regime will retain monetary stability and guarantee foreign investment which aims at developing the economy, according to Reuters.

Mr. Lema, serving in the Government of the late President René Barrientos, has taken a line in direct opposition to the nationalism of the deposed President Barrientos. Colonel Benzer has warned that he will be ruthless with the remainder of the left-wing sympathisers of the deposed President Barrientos. Unarmed students staging a last stand for General Torres in the San Andrés University in La Paz were strafed and bombed on Monday night by the air force and attack by ground troops. Casualties during the coup in La Paz alone were put at 800 including 120 dead. The Red Cross appealed in a statement for a period of truce in Bolivia to prevent further disasters and loss of life.

Argentine mail for Falklands

By Our Own Correspondent

BUENOS AIRES, August 24. The first bag of mail ever to arrive in Argentina directly from the Falkland Islands—claimed by Argentina as the Malvinas—has reached Tandil 190 miles south of here. The mailbag was flown on Port Stanley to Comodoro Rivadavia on the Argentine air service Albatros which had taken a regular air service between the Argentine mainland and the Falkland Islands.

Meanwhile, Carlos Brignone, initially liberal economist, has been named by President Alejandro Agustín Lanusse as sixth Central Bank president for a year.

ANADIAN POLITICS

Alberta ready for close-run election

BY DON PEACOCK IN CALGARY

THE WORLD'S first and longest Social Credit Government fighting a tough battle to survive in the campaign for Alberta's provincial general election on August 30. But although a Social Credit Party is fighting for survival, this is seldom seen in the hustings exchanges between the two main contenders, the Premier, Harry Strom, and Mr. Peter Lougheed, 42-year-old leader of the opposing Progressive Conservatives.

During the first couple of weeks of the campaign, Mr. Lougheed hurried around the province in a caravan of house trailers, meeting people. He did not send an advance party to rise the populace of his imminent coming, then descend in his vehicle on arrival and along the streets, into bars and other public places, eating and shaking hands with voters within sight or reach. He did not make a single for speech, nor did he launch a tangible attack on Social Credit policy, although periodically he released Press announcements containing various policy proposals of his own.

Mr. Lougheed told reporters travelling with him his tactic was to offer as little profile for the Government to shoot at as possible. He was not the Government's issues to fight on if he could help it. He was offering the people of Alberta an alternative Government, not "opposition" party. More than once, he referred to the

Government party as his opposition or "the opposition" instead of the Government.

Mr. Strom, fighting his first election as leader of Social Credit, seems to have adopted similar tactics, after going very slowly in a round-the-province campaign at the start. On the face of things, Mr. Strom is campaigning from a position of supreme strength. His party, a group of Depression radicals gradually converted to Bible belt conservatism, held office with little threat of interruption since 1935. When he dissolved the Legislature to call the election, Social Credit held 54 of the 65 seats, the Conservatives 10 and one was vacant from a death in the Social Credit Party.

Bible belt

But things have changed in Alberta since the Social Credit beginnings. In this election, there are 75 seats at stake as a result of redistribution of seats. A tiny majority—38 to 37—of these seats are considered urban. Social Credit has always been thought stronger in the country than the cities, where the Conservatives are deeply entrenched. But if it is not them, then the radical left-wing New Democratic Party, which is also making a strong run in this Alberta election.

Mr. Strom's biggest problem is the length of time Social Credit has dominated Alberta politics. Since its formation in 1905, the province has always shown a taste for massive switches in power. Whenever a switch came at all, if Alberta voters have decided it's time for a change, they could produce a change, they could produce a change, they could produce a change.

The tactic worked like magic for the UFA. It toppled nearly every member of the previously Liberal Government ranks out of office. In this campaign, incidentally, the Liberals are all but inactive and will be lucky to win a seat—which would be an infinite improvement over what they had at dissolution (zero).

Both Mr. Strom and Mr. Lougheed have proposed policies to help people get more homes, to reduce medicare costs for the aged, to encourage greater diversification of industry throughout the province, to help the cities improve public transportation facilities, to provide more recrea-

tion facilities and to make things better for the farmers.

The New Democratic Leader, Mr. Grant Notley, has made similar promises, but he has emphasised the similarities of the Social and Conservative programmes, and argued that his socialist party offers Albertans any real alternative. Among other things, he has promised that a New Democratic government would bring under state ownership the private power companies currently serving Albertans, and to tax until it hurt the profits of land speculators.

Few seats

Mr. Strom's other problem is the difference between his rather stodgy, farmer-type personality and the outwardly relaxed, contemporary image of Mr. Lougheed. Lately, Mr. Strom has been taken to his own mobile-home caravan and to "mainstreaming" as Mr. Lougheed has been doing. He also keeps telling his local candidates and their workers to be sure and get everyone out for election day, noting that only in June, the Liberal Government of neighbouring Saskatchewan expected not only to win its election but increase its majority, yet then lost, sensationally, to the New Democrats.

For Mr. Lougheed, one obstacle to his hoped-for success on August 30 is the similarity between his proposals and the policies of the Social Credit Government. Both are deeply conservative parties and the difference in their approaches to most issues is more in style than in substance. Another unknown factor is the vigour of the New Democratic campaign. The New Democrats have about 70 candidates running, more than ever before. If the people of Alberta decide, as other provincial electorates in Canada have had a habit of doing the last couple of years, that they really want a change, the NDP could pick up a few seats—which could be just enough to rob Mr. Lougheed of victory.

If it turns out to be as close as some people in the province think it could be, the election could produce a minority government—Social Credit or Conservative. But whatever party wins, it is not likely to make much difference to the prosperity of Alberta, which currently seems to be the best-off province in Canada. The latest unemployment figures showed a sharp drop from 6.3 per cent. of the labour force last spring to under 3.5 per cent. The hot days of August have been perfect for ripening rich crops of wheat and other farm produce, however much voter apathy the heat might produce on election day.

ITALIAN BOURSES

ITALY'S Treasury Minister Signor Mario Ferrari Aggradi recently stood up in Parliament to tell deputies that a certain Signor Attilio Marzollo, stockbroker on the Venice bourse, appeared to be bankrupt to the tune of around 25,000, lire (216m.). This was the difference between the value of the shares he had supposedly deposited with various banks and the value of shares actually deposited. A similar but much smaller discrepancy had been found in the accounts of a Rome broker Signor Lorenzo Pilella.

This rather bald statement, together with an assurance that all efforts would be made to get to the bottom of the affair and that Parliament would be kept fully informed, gave official recognition to a scandal which has struck a severe blow at the already shaky confidence of the Italian bourse structure. It has also raised several embarrassing questions about the efficacy of official control of the bourses, over the role of the banks in financing speculative operations, and doubts over whether operations of such a size could have been carried out without some sort of political cover.

Main losers

In Milan bourse circles it is widely believed that the Marzollo affair has not only hit the bourse in the region of 30,000m. to 40,000m. lire. The main losers are three of Italy's largest banks. Banco di Roma, Banca Commerciale Italiana, and Credito Italiano, together with the Milan-based Banco Ambrosiano and Venice-based Banco di San Marco, which are closely connected with the financial interests of the Roman Catholic Church. These banks together with a relatively small number of private backers, provided Signor Marzollo with the bulk of funds to finance his bourse operations, and they, together with the various stockbrokers through whom he worked, have had to take the bulk of the losses. But the affair has not led to widespread losses among a mass of small shareholders for the simple reason that small shareholders have deserted the bourses in such numbers over the last decade that there are very few of them left. In their absence the bourses have been mainly limited to trading between professionals and it is this development which prepared the ground for the present crisis.

The fight from share investment by small investors stems mainly from the re-imposition of the registered share system in 1964 in an attempt to stop tax avoidance, a move demanded by the Socialist Party as one of its conditions for participating in the Centre-Left Government.

Investors reacted by switching their savings into virtually tax exempt bonds or increasingly

into clandestine investment abroad through anonymous Swiss bank accounts. As a result the bourses have ceased to be an effective instrument for channeling small savings into industrial investment but have become a largely speculative arena for the transfer of large, and often controlling, packets of shares, on behalf of banks or financial groups.

This process has sharply reduced the volume of trading and completely undermined the position of stockbrokers. According to the law of 1913 which governs their activities, they are legally required to act only on behalf of their clients. On their own operations on their own account, they are not permitted to trade. The banks meanwhile have taken over a large slice of the direct customer business which has remained and their practice has been to clear dealings internally while still charging commissions to their clients. Only the difference between buying orders and selling orders are openly bought on the market through the brokers.

Yet brokers are so eager to obtain this business that brokerage margins on such transactions are often as low as 1 or 2 lire per 1,000 fixed as the official brokerage commission. This acute competition for business, with its depressing effect on the brokers' income, is another factor impelling brokers to act on their own account.

In fact the main accusation in the Marzollo affair has been levelled against the banking system rather than against the bourse itself, which, although in serious need of reform, is seen at least partially in the role of victim.

Signor Giorgio Natali, president of the National Stockbrokers Association, believes the Marzollo affair could not have occurred if all transactions had gone through the Bourse, instead of largely through banks. Between 60 and 80 per cent. of all trading now takes place between banks, and thus completely escapes the controls of the Bank of Italy, he maintains.

In common with the majority of stockbrokers, Signor Natali believes that the Marzollo affair dramatically illustrates the need for drastic reforms of the Bourse structure aimed at revitalising the Bourse as a channel for industrial investment. According to this view, the Bourse structure needs a series of linked reforms including the obligation for Italian companies to provide more regular and more regular information to shareholders; incentives for more firms to seek public listing; abolition of the registered share system in favour of the bearer system practised throughout the rest of the Common Market; the introduction of legislation permitting the creation of Italian mutual funds; and the abolition of present inter-bank trading. Several

quarters have also proposed the setting up of a much stronger control system on the lines of the American Securities Exchange Commission.

Risk capital

Meanwhile the expected entry of Britain into the Common Market, perhaps even more than the desire to avoid periodic scandals, gives the whole question of reform an added urgency, stockbrokers believe. Many Italians fear that the entry of Britain with its sophisticated capital market and efficient Stock Exchange could prove a real danger to Italy and increase the flow of funds from Italy's inefficient markets to London where a wider range of services would be available.

The absence of an efficient capital market also threatens the present balance between State and private enterprise. For, failing a means to provide private industry with the risk capital it needs for expansion, the State sector, with recourse to public funds, is likely to keep increasing in importance and tip the balance decisively in favour of a State-dominated economy. This is not an attractive prospect for a large body of opinion in Italy, yet the slow-down in private investment is a key feature in the current recession, whereas the State holding companies ENI and IRI and other State bodies have massive expansion plans for the coming decade.

The whole logic of Signor Marzollo's operations was based on the need to keep the bourse rising. In fact, his followers were so successful that in the period of his greatest activity they were instrumental in raising Italian share prices to new highs at a time when strikes and industrial unrest were decimating profits and sapping confidence in the Italian economy, and while the American and other major stock markets were in the grip of a major downturn.

Bourse circles in Milan believe that these manoeuvres were based on the assumption that the era of mass capitalism through the mutual fund movement was about to emerge in Italy and that this, given the small dimensions of the Italian bourses (just over 140 shares on the largest bourse in Milan) would automatically mean a sharp rise in share prices generally, especially as shares were in many cases well below the value of real assets.

At this time Investors Overseas Services (IOS) and other foreign funds appeared to be the vanguard of such a new era and the IOS Italian offshore Portfolio alone raised over \$200m. in previously untapped funds from south Italian farmers and professional people, and channelled 50 per cent. of this into

the Italian bourse, in line with the Italian Government's 50 per cent. Italian portfolio ruling.

In this situation Signor Marzollo in particular decided to specialise in putting together large packets of shares for passing on to the mutual funds at a profit. Such manoeuvres pushed share prices up rapidly for six months so that by April 18, 1970, shares were at a seven year peak. However by this time the difficulties of foreign mutual funds such as IOS were becoming clear and progress towards the creation of Italian funds was slow. The overwhelming evidence that the hot autumn had hit both profits and the medium-term outlook for the Italian economy injected a new note of pessimism into the bourses, and they went into a steady decline, from which they have not yet recovered.

Annual Statements—Continued

OUVAH HIGHFIELDS LIMITED

The Annual General Meeting of Ouhav Highfields Limited will be held in London on 16th September, 1971. The following are extracts from the circulated statement by the Chairman, Mr. A. E. J. Emmet, O.B.E.

I am pleased to be able to report a substantial improvement in the trading results for the year. The Group profit came to approximately £51,500, over half of which was earned or accrued in the United Kingdom. The balance represents a meagre return indeed for the harvesting, manufacture and sale of over 12,000,000 lbs. of good quality tea.

The depressing feature about the present situation is the inadequate prices which the buyers continue to pay us for our product. Last year, the then Chairman, Mr. Mounington, published a statement in relation to criticisms made by the Prices and Incomes Board of the increase in the retail price of tea. He defended the increase because it seemed to him that the U.K. distributors were endeavouring to discharge their responsibility for protecting their overseas supplies, which was in no way contrary to the interests of the British housewife. The assumption was that some part of an increase of 8d. per lb. would come to the hard pressed producer. Unfortunately it does not appear to have worked out in that way and it is difficult to see what, if any, of the increase has been reflected in the auction price.

It seems to me that it is in the interests of all concerned, whether consumers, distributors, or producers, to ensure that the productivity of our Estates is not eroded in the long term, thereby endangering future

supplies. If fair prices for tea in the primary auctions can only be obtained by a further increase in the retail price of tea then surely the retail price of tea must be increased. I see no reason why a relatively undeveloped tea producing country such as Ceylon, having to pay ever increasing prices for its own imports of tea capital and consumer goods, should have to continue in effect to subsidise the price of tea to the British housewife.

The overall statistical position of the world tea industry shows some improvement in the long term. In the long term I am convinced that salvation must lie in a vigorous and adequately financed promotion campaign to increase consumption. It cannot be too strongly emphasised that in the world market in general and in the U.K. in particular the tea market is indivisible. It is only from an overall increase in the consumption of tea that all producing countries alike can be expected to benefit.

In the current year our crop has suffered due to a strike on Gonakale Estate. Despite this the yield for the first 7 months has been just about the same as in 1970. About 30 per cent. of our estimated 1971 crop has been sold, realising a net price only fractionally lower than in the corresponding period of the previous year.

OUVAH HIGHFIELDS LTD.
DIRECTORS:
A. E. J. Emmet, O.B.E.
(Chairman)
A. D. McLeod W. T. Williams
D. S. Clabaut, D.S.C.
Issued Capital: £1,041,146
Adjusted net Group Profit 1970 £51,500
Recommended dividend: 34p
Share Price at 24th August 40p
Tea Yield per acre 1,215 lbs.
Registered office:
21, Mincing Lane, London, E.C.3.

U.S. tries to ensure contested Vietnam vote

SAIGON, August 24.

SOUTH VIETNAMESE President Nguyen Van Thieu and U.S. Ambassador Ellsworth Bunker Acheson in a battle of wills over next October's presidential election, a high diplomatic source said to-day.

The source said the 77-year-old American envoy was still trying to bring about a contested election despite the withdrawal of President Thieu's two opponents—Vice-President Nguyen Cao Ky and former head of state General Duong Van "Big" Minh. "But the President is a stubborn man," the source said.

Mr. Thieu, meanwhile, was faced to-day with growing protests from opposition groups and with possible demonstrations over the election. The chance of demonstrations grew with the day of a Vietnamese war veteran who reportedly said he wanted to die to defend democracy and freedom.

An aide of the President let it known to-night that Mr. Thieu planned to go ahead with the presidential election. But there was still no official announcement from Mr. Thieu and he has not appeared personally in public to challenge the reasons for the election rigging—given by Mr. Ky and General Minh for their withdrawal.

The President's thinking that the election should be more of a mandate and the Ambassador's

hope for a contested vote to support U.S. justification of American military disengagement in Vietnam are apparently at the crux of the confrontation between the two men who met last night for 40 minutes. The President is still haunted by the minority 34 per cent. vote he received in his 1967 election victory, the diplomatic source said.

Militant Buddhist groups and some left-wing Catholic groups have said they may call on voters to boycott the election. The fears of election demonstrations grew when police confirmed that Mr. Nguyen Minh Dang, a father of six, had set himself ablaze in the central market place of Da Nang.

The order

Along with the general increase of security in the Saigon area, the U.S. command to-day ordered restrictions on the movements of all American military personnel.

The order was given in connection with Lower House Parliamentary elections next Sunday and the Presidential elections on October 3, an American military spokesman explained. He added that it had been issued in compliance with a U.S. Embassy directive enjoining all Americans to divorce themselves from the election proceedings.

There was talk to-day about the various proposals which might still make a contested election possible. These include a brief postponement of the election to allow amendments to part of the electoral law restricting the number of candidates—the source of Mr. Ky's difficulties in entering the race.

There was also speculation that State powers might be left in the hands of the chairman of the Senate so that impartially organised elections could be called. This was what Mr. Ky proposed when he called for the President to resign jointly with him yesterday. But all proposals immediately created the questions whether the President would agree and—as important—whether General Minh or Vice-President Ky would accept them and re-enter the race.

Meanwhile President Nixon called in his new chief delegate to the stalled Paris peace talks on Vietnam, Mr. William Porter, for discussions to-day prior to taking up his post. White House spokesman Ronald Ziegler said Mr. Porter, due in Paris on August 30 and to face the Viet Cong for the first time on September 2, would receive no specific new bargaining instructions from Mr. Nixon at their meeting in the President's California White House.

European News

Ministers resign for Greek reshuffle

By Our Own Correspondent

ATHENS, August 24.

The 29 members of the Greek Cabinet to-day submitted their resignation to Prime Minister George Papadopoulos at his request sources close to the Government said. The Premier is expected to carry out a major reshuffle of his military supported Government to-morrow or Thursday. The last Cabinet reshuffle was in June 1970.

According to well informed sources the Premier intends to bring drastic changes to his Cabinet and increase the number of Ministerial portfolios. Politicians from the pre-revolutionary era and a number of technocrats are expected to take up Ministerial posts thus giving the regime a more political and liberal image.

The Cabinet shake-up is understood to be the first in a series of steps to be taken by Premier Papadopoulos towards restoration of Parliamentary rule in Greece. The Premier is expected to indicate the future course of the revolution and what his regime's foreign policy will be at the increase of the Salonica trade fair on Saturday.

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East and West Germany discuss Berlin pact

BY OUR OWN CORRESPONDENT

BONN, August 24.

REPRESENTATIVES of the East and West German Governments are to meet in East Berlin on Thursday—a week earlier than originally planned—to discuss the implementation of the Berlin agreement, the draft of which was completed by the Ambassadors of the four powers yesterday.

But only when the draft has been finally approved by the Governments of the big four and by the West German Government will the intra-German talks deal with the technicalities involved. The purpose of Thursday's meeting between Herr Egon Bahr, State Secretary in the office of the West German Chancellor, Herr Brandt, and Herr Michael Kohl, a senior East German official, is to draw up a programme for the negotiations.

Talks between Herr Bahr and Herr Kohl have been taking place at intervals for many months, but they have been marking time until the four-power negotiations were concluded. Nonetheless, it can be assumed that much of the preliminary work has been completed, so that once the detailed negotiations start

agreement should be reached within a few months.

The task of the East and West German officials is to work out a scheme under which the principles of unimpeded access to West Berlin from West Germany, as laid down in the four-power agreement, can be put into effect. Under the agreement East German control of transit passengers is to be limited to identification, and goods traffic by rail and road is to be sealed before crossing East German territory.

The intra-German talks will also be concerned with visits of West Berliners to East Berlin. Under the four power agreement, West Berliners are to have the same rights in this respect as West Germans.

At a meeting of some of his ministers to-day, Herr Brandt described the draft agreement as "a most important interim result of the Federal Government's policy. The Foreign Minister, Herr Scheel said it was a big step forward. The Cabinet is to meet to-morrow to make a closer appraisal of the draft,

Other Overseas News

IN BRIEF

● **CYPRUS**—President Makarios will visit Athens shortly for talks with Greek Premier George Papadopoulos on the Cyprus issue.

● **JAPAN** has recognised the newly-independent island state of Bahrain, the Foreign Ministry announced.

● **CONGOLESE** rebel army General Nicolas Olenga and four others were sentenced to 10 years' imprisonment on charges of subversion. Two other accused were sentenced to two years. Two others were acquitted. They were accused of plotting to kill President Mobutu or to overthrow the regime, failing to denounce the plot and of subverting the army.

● **THAI** forces have been put on the alert against 1,000 Burmese rebels fleeing towards the Thai border, reliable Government sources said. The rebels have reached Burmese territory opposite Thailand's Kanchanaburi province, about 100 miles west of Bangkok. They belong to the guerrilla army of former Burmese Prime Minister U Nu and allied minority groups.

● **GHANA'S** Parliament has passed an urgent bill outlawing the revival in any form of ex-President Kwame Nkrumah's Convention People's Party (C.P.P.). Government and opposition members were still arguing fiercely over the legality of the bill, when it was approved by 82 votes to 16.

● **JAPAN'S** Automobile production in July totalled 492,880 units, down 0.7 per cent. from June, but an increase of 12 per cent. over July last year, the Japan Automobile Manufacturers Association said.

● **NEW DELHI**—A wave of heavy monsoon floods sweeping through north-east India has completely inundated Malda, a town of about 50,000 people in West Bengal. The Press Trust of India said almost the whole of the town was waist-deep under water as floods from the Ganges and Mahananda rivers rushed in from both south and north.

Zambia denies detention allegations

LUSAKA, August 24. ZAMBIA'S Home Affairs Minister Mr. Lewis Chagufu, today denied that the detention of two lieutenants of former Vice-President Simon Kapwepwe was connected with the emergence of his new opposition party. In a statement, Mr. Chagufu said the two men had been detained on grounds of public security after their activities had been under police surveillance for some time. The two men are Mr. Henry Nsoni, a former diplomat, and Mr. Zilole Mumba, another former state official. They were among the men who set up with Mr. Kapwepwe when, at a Press conference on Sunday, he launched his new United Progressive Party and pledged to oppose the administration of President Kenneth Kaunda.

In another development today Dr. Kaunda's governing United National Independence Party (UNIP) charged that Mr. Kapwepwe, who broke away from it to set up opposition, had been reluctant to make the move. But, UNIP contended, in its first comment on the affair, he had been the victim of a "hoax" from his followers if he did not join the new group.

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Marcos crisis deepens, Liberal leader accused

BY OUR OWN CORRESPONDENT

MANILA, August 24.

SENSATIONAL revelations and charges today have deepened the sense of division, uncertainty and crisis created by the presidential suspension of habeas corpus rights yesterday.

President Marcos has alleged the imminent danger of Communist insurgents setting fire to Manila, undertaking political assassinations and kidnapping top officials. The President has appealed to the Communists not to proceed with their plans for violence and disruption, and has directly threatened the imposition of martial law if his appeal goes unheeded. The President admitted that many subversives eluded arrest or receiving an advance tip-off of the suspension of habeas corpus.

The President also accused the one major opposition leader not injured in last Saturday's bombed political meeting, Senator Aquino, secretary-general of the Liberal Party, of giving arms to the Communists and of having been in political collusion with the Communist New People's Army, and revived Maoist slogan the Philippine Communist Party.

Late last night the Senator waived his parliamentary immunity and has asked the President to bring his case to court.



President Marcos

Soviet technical team returns to Indonesia

THE first Soviet technical mission to Indonesia for more than five years arrived here today to make a two-month study of two abandoned Russian aid projects. Soviet engineers walked off the projects in 1966 when Moscow suspended aid to this country in the bloody aftermath of an abortive communist coup a few months earlier.

The 13-member Soviet team which arrived today aboard the weekly Aeroflot flight from Moscow is led by Mr. S. D. Evchenik, vice-director of the Moscow Chemical Institute. The rest of the 26-member mission will arrive over the next two weeks.

The team will study the feasibility of resuming work on a steel mill at Tjillegon, 50 miles west of Jakarta, and a fertilizer plant at the central Java port of Tjilatjap. The two projects have already cost the \$40 million.

Soviet embassy officials said today the technical teams, comprising chemists, metallurgists, and engineers, would estimate the total cost of finishing the two projects and the Indonesian and Soviet Governments would then discuss terms for financing their

completion. Original plans called for the construction of power stations at both sides.

Several other Soviet aid projects, including an oceanographic institute in Ambon, an atomic reactor at Serpong near Jakarta and a projected 300-mile long highway in Kalimantan, also came to a premature end and there has been no word so far on their possible resumption. Embassy officials made clear that this mission would only look at the Tjillegon and Tjilatjap projects.

Report stresses growing third world debts

BY OUR OWN CORRESPONDENT

GENEVA, August 24.

NOT only have the people of developing countries become relatively poorer in the last ten years compared with living standards in industrialised countries, but the external indebtedness of developing countries has increased and the income gap continued to widen, a report says. It adds that by the end of 1969 external debts of developing countries amounted to some \$60,000 million.

Thus, despite the progress achieved, "the relative position of the developing countries has not improved and the income gap continued to widen," the report says. It adds that by the end of 1969 external debts of developing countries amounted to some \$60,000 million.

Of the main defendants four headed the Vanguard organisation in the four Cairo zones, while the former Interior Minister Sharawi Gomaq was the secretary.

Another accused, Ahmed Kamel, former chief of intelligence, was a member of the Vanguard's secretariat.

The indictment claims that Gomaq, former Presidential Affairs Minister Sami Sharaf, former Information Minister Mohamed Fayed, former Housing Minister Saad Zayed and former Power Minister Helmi el Said, in their capacities as heads of the Vanguard branches in the four Cairo zones ordered others to sow dissension, distribute leaflets against President Sadat and organise demonstrations.

Abdel Mustafa Ashwah, an accountant and Vanguard liaison officer, is charged with receiving from Gomaq and carrying out a plan to "topple the Government by force through the exploitation of the Socialist Vanguard."

He is also said to have helped evaluate Vanguard members of the ASU central committee and in the peoples assembly to "liquidate" those who supported Sadat.

Two of the accused are charged with burning Vanguard documents and records once the plot had been foiled. Ahmed

Egyptian treason trial opens

BY OUR OWN CORRESPONDENT

THE trial of the 90 men accused of high treason in trying to overthrow President Sadat begins here tomorrow in the Cairo suburb of Heliopolis.

The opening session will be held in public and 348 people have been invited to attend, including 50 local and foreign journalists. It will be Egypt's biggest political show trial since the 1952 revolution.

The defendants are divided into three groups according to the gravity of the charges. The death penalty is being sought by Mustafa Abu Zaid, the Prosecutor-General, for the ring leaders. Lieut-Gen. Mohammed Fawzi, the former Minister of War, is to be tried by court martial in separate proceedings.

The role played by the "Socialist Vanguard," a secret organisation within the Arab Socialist Union, in the May plot to overthrow President Anwar Sadat was revealed in the full indictment, released by Mr. Zaid.

Of the 28 defendants, charged with the main responsibility for the attempted coup, 15 are listed as being members of the Socialist Vanguard. And it is clear that some of the others were closely connected with it.

The Socialist Vanguard was founded before the June 1967 war, with the late President Nasser's approval, as a secret organisation to train new leaders to take over eventually from those who had carried out the 1952 revolution. Its existence was known and Nasser referred to it once or twice in public but its activities and organisation within the ASU were strictly secret.

using anti-Communist tactics to establish a dictatorship.

All this, together with five confirmed bomb incidents in and around Manila on the last two nights; the announcement that the Liberal Party will contest the suspension of habeas corpus in the courts; and the President's announcement yesterday having received a fairly critical reception. Five thousand students and youths from the Kabataan Makabayan — an organisation President Marcos has dubbed as the main Communist front organisation — demonstrated peacefully in Manila this afternoon.

Philippine politics are traditionally volatile and filled with sensation-seeking, but current developments have made for an uncertain and unstable situation, from one source or another, is to be feared. Critics of Presidential actions are torn between fear of Communist activity and fears of the ever increasing powers accruing to the President.

The revelations and divisions together serve to remind of a statement once made by President Marcos himself: "The Philippines is a social volcano which could explode with or without the benefit of Communist prodding."

Sudan says USSR is dumping cotton

By Richard Johns, Middle East Correspondent

THE SOVIET Union has recently been "dumping" Sudanese cotton purchased under trade agreements with Khartoum to the West European market, according to sources on the Liverpool Cotton Exchanges. The Sudanese Government is accusing the Russians of selling its cotton in third markets below the price that the state marketing corporation is charging.

In a recent interview with the Khartoum newspaper Al Ayam Mr. Mohammed Idris, the Sudanese Minister of State for the Economy, had been offering Sudanese cotton at a discount of up to 10 per cent. in deals which were "traditional and substantial" buyers of Sudanese cotton.

At the same time, Mr. Idris also said that the Soviet Union had raised the price of the goods sold under the trade agreement signed in November 1968, which set Sudanese purchases at \$12.2m. (near £4.5m.). The deal, laid down in the 1968 agreement, should buy \$15m. worth of cotton, with the balance of \$3m. being paid in hard convertible currency.

In the current 1971-72 season the Russians are expected to buy 300,000 bales of Sudanese long-staple cotton, a quarter of 12m.-bale crop. Another 100,000 bales are destined for other East European countries, 250,000 to China and 350,000 to India under their trading account agreement reached with New Delhi.

This has left only a small proportion of the commodity, which accounts for over half of Sudan's exports, available for earning badly needed convertible currency. As one broker put it yesterday, "The Sudanese have been very ham-handed in threatening Western buyers with pledging all their cotton to the East bloc and, in fact, virtually ending up doing so."

The state corporation set up following the May, 1970, nationalisation measures is said to have been inept in its marketing operation this year. About three-quarters of the crop was the new variety Barakat, rather than the Lambert which buyers are used to. It has been badly ginned, the classification has been poor, and no samples were made available to Western buyers.

Orders worth more than £200,000 for communications equipment have been won by Ericsson Marine, the recently-formed British communications department of the Swedish Ericsson Group.

The orders comprise radio equipment for ships under construction in Norway, Denmark, Sweden, France, Finland and Poland, including five turbine tankers of 250,000 dwt, under construction at Aker in Norway for Hagberth Waage; two very large (250,000 dwt) crude carriers being built at Odense Stalskipsverft in Denmark for Sig Bergeesen Dy and Co., and a 101,000 ton bulk oil carrier being built at Oresundsvarvet Landskrona in Sweden, for Brodrene Olsen.

They also include a 10,000 ton passenger ferry for the Fred Olsen Line due for delivery in 1972.

John Holland (Construction) and William Press and Son have been awarded a £4.1m. contract for the installation of additional plant at the Queensland Alumina complex at Gladstone, Queensland. The contract covers piping and equipment setting and includes vessel and plant fabrication.

CHINESE MEET MALAYSIAN PM

By Our Own Correspondent

KUALA LUMPUR, August 24. THE first Communist Chinese trade mission to Malaysia today held talks with Prime Minister Tun Abdul Razak and Commerce and Industry Minister Mr. Khir Johari. The meeting with Tun Abdul Razak lasted 40 minutes.

Export News

BL's truck and bus sales soar

BRITISH LEYLAND'S truck and bus division has announced record exports valued at £45m. during the six months to the end of June, 1971. During the period the division shipped overseas 15,249 commercial vehicles representing an 8 per cent. increase over the corresponding period in 1970 and 9.1 per cent. up on the 1969 level.

Truck exports were 5 per cent. higher at 13,038 units while bus exports jumped by 30 per cent. to 2,213 units.

Almost 80 per cent. of these shipments were in completely knocked down form for final assembly at British Leyland factories in 16 overseas markets. The largest market for British Leyland truck and bus exports was the Continent of Africa which took 8,730 units, an increase of more than 50 per cent. over the first six months of last year.

HOME CONTRACTS

Mather and Platt in £2m. deal in Libya

MATHER AND PLATT has won a £2m. contract to supply finishing machinery and ancillary equipment for a new textile complex to be built in Libya.

Mather and Platt will participate jointly with Ruti of Switzerland and Star Trading of India on the complex which will be built at a cost of 10m. Libyan pounds.

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MANAGEMENT EDUCATION

New training to create a breed of 'super' salesmen

BY DAVID CURRY, EXPORTS EDITOR

THE Institute of Export has launched a major development of its export management and marketing training programmes. The revised syllabus of its "export degree" course has received the plaudits of the United Nations International Trade Centre (UNCTAD/GATT) which devotes about a quarter of its quarterly journal Forum to a detailed description of the British scheme.

At present the Institute has between 1,200 and 1,400 people taking its examinations annually at the intermediate or final level. The qualification to take the examination is five "O" levels and relatively few of the students who normally work through correspondence courses or colleges of commerce have degrees.

The new syllabus, introduced yesterday, drops the intermediate examination which had

papers in commerce, English for commerce, economic geography and law for all except overseas students. British students will be required to have the (ordinary) National Certificate in Business Studies with credit passes in the subjects which would formerly have been taught at intermediate level. This normally takes two years.

Accounting

The final examination papers spread over two years will consist of questions dealing with legal aspects of export trade; international trade and its finance; cargo insurance and transportation and documentation (for Part 1), and export distribution and promotion, export markets, research and statistics, export management accounting, and practical exporting.

Two new features are the introduction of management accounting (because the institute have no idea how to cost products effectively and in many cases sell at a loss) and the paper on practical exporting.

In this paper the student will be given a problem a week before the examination (for example the sudden closure of the Suez Canal) and asked to prepare a report on how this affects the company's dealings.

These courses will be taught through polytechnics, colleges of commerce and correspondence. The Institute is stressing the importance of salesmen in the field having a thorough working knowledge of issues that are normally dealt with at head office and a head office staff appreciation of ideas in the field.

At the same time it is firm setting its face against the "only learn on the job" school of management by emphasising the complexity of the business of exporting in terms of accounting, costing, documentation, international and national law, freight, its real targets are the companies who regard exporting as a peripheral activity designed to take up slack in time of poor demand, set their sum wrong, then decide that exporting is unprofitable and never try again.

The Institute is planning to further steps. Several new techniques have been applied to the Cambridge National Academic Awards for permission to run degree courses in international trade and marketing. The Institute hopes that it will be consulted in drawing up the syllabus and is prepared to give member schools to those obtaining the degree.

It would also like to administer either an advanced diploma in international trade or work to incorporate international trade in management diploma courses for graduates.

Its aim is steadily to increase the quality of students and create a breed of "professional exporters" with vocational and academic qualifications at the highest level.

El Fresno at its processing and packing plant at Badajoz in South-West Spain.

Pratt in Japan

THE Halifax, Yorkshire, company Pratt Precision Hydraulics, a wholly-owned subsidiary of the F. Pratt Engineering Corporation, has reached agreement with Toyo Denki Seizo of Tokyo under which the Japanese concern will make and sell the Pratt Electrohydraulic Stepping Motor Drive System in Japan.

BIG FIRE DAMAGE AT BRADFORD MILL

Damage estimated at £2,000 was caused in a mill fire at Bradford yesterday. Firemen confined the blaze to the two top floors of the five-storey Douglas Mills, in Bowling Old Lane, but damage by fire, smoke and toxic fumes was extensive.

This announcement appears as a matter of record only



F. F. 50.000.000.

EUROFIMA

8 1/4 bearer notes 1971 - 1978

Application will be made to list the notes on the Luxembourg Stock Exchange

Crédit Commercial de France

Morgan & Cie International S.A.

Banca Nazionale del Lavoro

Banque de Bruxelles S.A.

Euramerica International Limited

Vereinsbank in Hamburg

Amsterdam-Rotterdam Bank N.V.

Bank Mees & Hope N.V.

Banque de Commerce S.A.

Banque de l'Indochine

Banque de Paris et des Pays-Bas

Banque de Suez et de l'Union des Mines

Banque Internationale à Luxembourg S.A.

Banque Lambert S.C.S.

Banque Nationale de Paris

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Norddeutsche Landesbank Girozentrale

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Société Générale de Banque S.A.

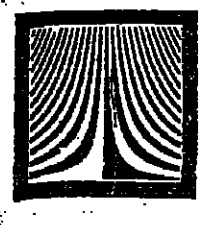
Sveriges Kreditbank

C.G. Trinkaus & Co.

Westdeutsche Landesbank Girozentrale

مكتبة الأمل

create sales



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

AUTOMATION

Controlling ships from the bridge

RECENT type approval by the Register of Shipping for the GEC-Elliott Process Automation computer-based automatic watchkeeper system has been further reinforced by approval from the American Bureau of Shipping and Bureau Veritas. No other computer-based automatic watchkeeper system can claim this "hat trick" of certification, so far as is known.

Meanwhile, the company has announced the receipt of an order from Doxford and Sunderland, marine engine division, for a standard computer-based automation system for their new marine engine test bed. This equipment, in addition to the 40 such equipments (worth some £3m.) supplied or being supplied

gives the company a lead in the world market for robot watchkeepers.

Facilities for Doxford and Sunderland will be mainly for control, performance calculations and data logging on the four-cylinder 10,000 hp prototype of the new Doxford "Seahorse" medium speed marine engine range. This order is significant as it could lead to many further sales for marine automation systems.

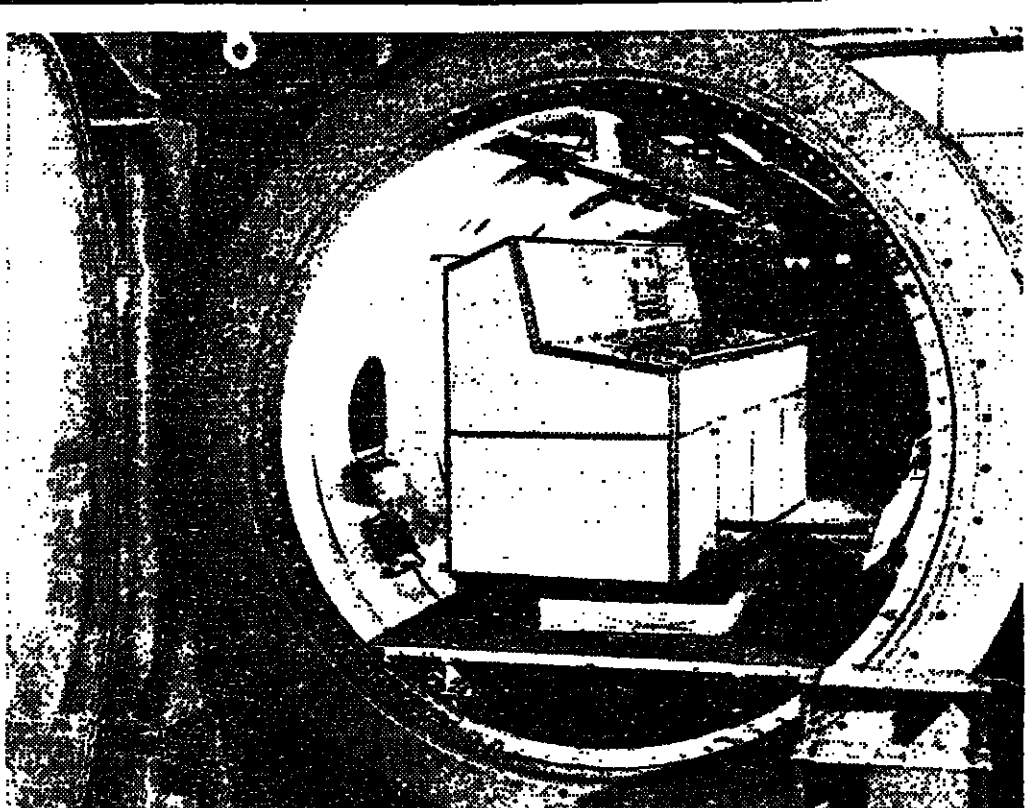
First contract

The first vessel to be equipped with the GEC-Elliott Process Automation watchkeeping system is the Glen Avon. This 800 dwt sludge carrier is operated by Bristol City and County Corporation with a completely unmanned engine room. In service for the past two years in the confined waters of the river Avon and the Bristol Channel, the Glen Avon has proved the benefits of an advanced marine automation system and has operated without any marine engineers on board, giving a 35 per cent reduction in crew. The ship and all its machinery is easily controlled from the bridge.

For the White Fish Authority, the company is providing a computer-based watchkeeper system incorporating some degree of control for the St. Jasper, a modern stern freezer-trawler designed from the outset for unmanned engine room operation.

Over 850 parameters are monitored via a MARCH 2112 computer, including 480 digital points and a number of control functions.

In the 38 fast cargo vessels now building in three Brazilian and in two continental shipyards, the standard GEC-Elliott MARCH 2112 automation watchkeeper system is being installed. Although four types of main engines and other differences in the machinery are involved, this system enables all operational facilities connected with controls, displays and even data logging, to be identical on each ship, giving the various Brazilian owners complete flexibility in manning the ships and minimising training problems.



A console version of the March 2112 marine automation watchkeeper undergoing the severe test programme demanded by shipping authorities. It is seen in the EAC environmental chamber at Stevenage, where it undergoes dry heat at 70 degrees C as well as humidity and temperature cycling down to minus 10 degrees C.

FARMING

Handling hay and straw

A SYSTEM that is claimed will greatly facilitate the handling of hay and straw bales both from the field into barn and then for feeding stock has been developed by Bale Handlers (Wallingford), 80, Wantage Road, Wallingford, Berks.

It consists of a bale gatherer which picks the bales up in the field and ties them in a "super bale" of 20 bales, weighing perhaps half a ton.

These "super bales" or blocks are tied together with a nylon band and are handled by a tractor loader. With this, it is claimed, one man can stack up to 1,200 bales an hour, or trailers can be loaded at a rate of 1,500 bales an hour. Little or no roping is required.

On arrival at the buildings the bales can be off-loaded and stacked with the same loader and the hay or straw is stored in the blocks until it is needed during the following winter.

Prototype machines are already working in the Wallingford area.

ELECTRONICS

Protecting art treasures

IT IS doubtful if any electronic burglar detector will ever be proof against a determined and possibly scientifically knowledgeable criminal. The villain's final answer of finding and disconnecting the power supply is not that easy to counter.

But as the police continually remind us, any kind of deterrent is a good thing, and to this end Thermal Control Company has developed a system of 138 Old Shoreham Road, Hove, Sussex has developed a proximity detector working on the principle of capacitance sensing. The detection unit can be any metallic object not directly grounded and could for instance take the form of a foil backing to a painting or a display cabinet. Then, anyone coming within two or three feet of the foil alters the capacitance to ground and triggers off an alarm. Several sensors can be connected together by a con-

coiled coaxial cable running to the control unit.

The method has the advantage that the foil can be built in to wall finishes and in fact detection is possible through a solid wall.

The control unit measures 9 x 6 x 3 inches, has adjustable sensitivity control and requires either mains or 12V battery. Alternatively it can be mains powered with standby batteries and fail-safe charger.

SOFTWARE

Discord in the arena

MENTIONED briefly during the Logica annual report meeting on August 12, the latter company's study of the software industries in the U.S., France and Britain, is to say the least somewhat damaging as to the quality of the work turned out in Britain.

The report, sold at £5.50, is released this morning and it repeats in detail the startling conclusions retailed during the earlier Press conference that average revenue per professional in the U.K. for 1970 was only £3,800 against £7,700 in France and £10,400 in the U.S. It also mentions the fact that U.S. central government spending on

CONSTRUCTION

Insulating taxiways from frost

EXTRUDED polystyrene foam insulation has been used in the construction of two taxiways at Anchorage International Airport, Alaska, in a bid to overcome damage caused by frost.

Over 1,000 cubic metres of Styrofoam II—manufactured by Dow Chemical Company—was used to insulate the frost-susceptible subgrade against the formation of ice lenses.

Having excavated the taxiways to a depth of 3 feet, a 2-inch layer of foam was attached to the subgrade with 4-inch-long wooden skewers. A second 2-inch layer was then applied with the

joint staggered and then 20 inches of aggregate sub-base were added. The graded base was later capped with a 4-inch asphalt top.

Without insulation, the taxiways at Anchorage would have necessitated excavation to 10 feet rather than 3 feet.

Larger mobile site light

AS winter approaches, companies in the construction industry among others will be considering temporary site lighting to enable work to carry on as the hours of daylight become less.

Simplex Interline Trading Company is introducing the Senior Trailite 60 ft. model as

an addition to its range. Capable of illuminating an area 200 yards in diameter, the equipment is a scaled-up version of the standard 25 ft. model.

The unit's telescopic mast carries a gallery at its head with four 1,000W mercury discharge lamps so arranged that they can be adjusted to give the most useful lighting.

Power for the 7.5kva generating set is provided by a Peters diesel engine. The switch, gear and control equipment taking the current is located in a glass fibre housing mounted on the 2-wheeled steel chassis.

Designed to remain stable in continuous wind loadings up to 80 mph, the mast requires no external guide lines as support is provided by built-in jacks. Priced at £1,850, the units have applications wherever there is no mains electricity.

The company is at Botany Industrial Estate, Tonbridge, Kent.

PRODUCTS

Trims laminates

AN EDGE trimming tool for use with plastic laminates is now available from Rotting and Cutting Aids, 1, Lechmere Road, London, N.W.2. Known as the CT240, it will trim the overhanging lip of laminates at angles of 90, 60, 45 or 30 degrees. Alternatively, it will trim efficiently the laminate strip planted on the edge of boards.

The tool, which is power operated, has a self-aligning swivel guide which ensures accuracy of cutting, even when working on shaped panels. A range of cutters is available to perform a variety of different trimming operations. The tool is said to be easy to handle and weighs 4½ lb.

Storage tubes

A SERIES of storage tubes originally developed for the Royal Radar Establishment has now been made commercially available by Cathodeon of Nuffield Road, Cambridge.

These tubes will record a single short exposure in X-ray work and will then display the image for up to 30 minutes, thus tending to reduce X-ray exposure.

The new C966 range has applications in radar, television, computer displays, analytical read outs, electron microscopy, medical and industrial X-ray and other techniques where a transient signal is involved and needs to be stored over a long period. Where only a weak signal is available, the desired image may be integrated over a period of time.

Removes lawn mower blades

WORN and damaged lawn mower blades can be cut out of cylinders measuring up to 36 inches long by the use of a machine developed by Blakesley Reid, of Mountsorrel, Leicestershire.

Suitable for mounting on existing work benches, the machine, called the Blakesley C01 cylinder blade cutting out machine, is said to offer greater accuracy than the conventional oxy-acetylene cutting method.

Essentially, the machine consists of an adjustable flight bar traversing cutting tool with rubber-bonded cutting wheel, 3 hp motor, tall stocks, height adjustment screws, locking device and spindle.

Wire mesh belts

GALVANISED mild steel or stainless steel wire mesh belts have been added to the range of equipment manufactured by Associated Conveyors, of Cardiff.

Suitable for use under oily, hot and abrasive conditions, the mesh can be produced with a pattern specification to suit requirements. The drive is a totally enclosed geared motor unit and all drums and idlers use ball or roller bearings.

Instant response motors

ANY applications requiring extremely rapid response from "sensing" or "servo" control motors can, it is claimed, be met by a range of permanent magnet i.e. high torque motors made by Analog Devices, Eden Street, Kingston, Surrey.

Applications envisaged for the motors include: tensioning in weaving and spinning machines, tape tensioning and other computer peripheral applications, line wire drawing, data retrieval systems, machine tool controls and high speed printers.

There are eight frame sizes in the range, from 1.5 inches to 3 inches diameter. The permanent magnets are specially designed and the armatures surface wound to reduce cogging

Medium power rectifier

A PLASTIC encapsulated silicon controlled rectifier series with a rating of 8 amperes has been put on the market by International Rectifier of Hurst Green, Oxford, Surrey.

Designated IR122, it covers a voltage range of 50 to 400 and is claimed to be the first in its class with a guaranteed rate of change of voltage selection, control over which is necessary to prevent an SCR firing inadvertently due to line voltage transients. The TO-55 package is designed so that the integrated heatsink is built into the device and forms the anode connection.

The device is intended for use in industrial controls, automotive appliances, power supplies, motor controls and similar applications.

COMPUTERS

New minis from world leader

TWO NEW, low-cost, full scale, general purpose minicomputers for the original equipment manufacturer (OEM), the 12-bit PDP-3/m and the 16-bit PDP-11/05, have been announced by Digital Equipment Co.

Priced at £1,295 and £1,685 respectively for quantities of 10 per year, the machines are complete minicomputers, including 4,096 words of core memory, power supply and operator's console.

The PDP-3/m is the company's lowest cost, general purpose minicomputer. It is hardware and software compatible with the entire PDP-3 family, and its hundreds of software packages. The PDP-3/m features an "OMNIBUS" construction, the company's internal bus architecture, giving the OEM unlimited flexibility in designing his particular system.

Lowest cost

The PDP-11/05 is the lowest cost member of the 16-bit PDP-11 family of computers. It is fully compatible with other PDP-11 computers and has a bi-directional data transfer path which interconnects the core memory, central processor and peripheral devices.

Meanwhile deliveries of computers and associated equipment during the last fiscal year by Digital Equipment Corporation International-Europe rose by 41 per cent to a new high of \$58.9m. They compare with deliveries worth \$27,500,000 for the previous fiscal year.

The company installed 600 computers in Europe during the year, bringing total European installations to 2,405. The worldwide total of digital computers in service now stands at over 12,000.

So far as the U.S. parent is concerned the year ended July 3, 1971, saw net sales at \$145,849,000 compared with \$135,408,000 for the previous year.

Net income, however, was affected by the declining economic climate, and dropped from \$14,400,000 in 1970 to \$10,500,000 in 1971.

JOHN HARPER & CO. LIMITED and subsidiaries

Albion Works, Willenhall, Staffordshire

Annual General Meeting held on 24th August, 1971.
Financial Year ended 28th March, 1971.

Group Profit £247,917 compared with £324,465 for the previous year. Dividend paid on Ordinary Stock 13% (less Income Tax).

CONSOLIDATED BALANCE SHEET AS AT 28TH MARCH, 1971

	£	£
Share Capital		
Ordinary Stock	1,012,500	1,162,500
Redeemable Preference Shares	150,000	
Capital Reserves		249,752
Revenue Reserves		1,015,253
		£2,427,505
Represented by—		
Fixed Assets		1,653,061
Current Assets	1,529,006	
Less Liabilities	628,526	900,480
		2,553,541
Less Taxation Equalisation Reserve		126,036
		£2,427,505

JOHN HARPER AND CO. LIMITED AND ITS SUBSIDIARIES ARE MANUFACTURERS OF—

Raw and fully machined castings in Spheroidal Graphite Iron, Meehanite and Grey Iron.

From 1st September Dyestuffs Division changes to —

Organics Division

A Division of ICI doesn't change its name without good reason.


Dyestuffs Division has been changing for years as any vigorous company must in the complex world of chemicals.

As each achievement has opened up new opportunities we've developed by natural evolution as an internationally known manufacturer of dyestuffs, pigments and a wide range of other organic chemicals.

Now, with the merger of Dyestuffs Division and the business of Nobel Division in fields other than explosives, a new name reflects the wider scope of our activities.

Under our new name, ICI Organics Division, we shall provide our customers with the same comprehensive and efficient service as before, but on a wider range of chemicals. And that's the only difference our customers will be aware of.

The same sales and technical staff will be there to help and advise.

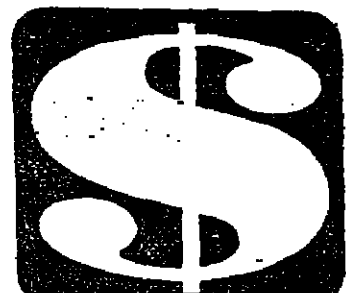


Dyestuffs Division

Organics

A New Name - A New Age in Chemicals

Imperial Chemical Industries Limited, Organics Division, Hexagon House, Blackley, Manchester M9 3DA



Japan feels in stronger position towards US

BY AL CULLISON

TOKYO, August 24.

THE UNEXPECTEDLY strong showing of the American dollar on European money markets on Monday, allowed the Japanese Government today to reaffirm its stand that Japan will not revalue the yen as a result of bilateral negotiations with the United States. This was clearly evident in statements made by Japan's Economic Cabinet Ministers this afternoon following the morning's post-Cabinet meeting session with Prime Minister Eisaku Sato.

After the morning meeting, which it was agreed that Japan would not itself bring up the issue of yen revaluation during the forthcoming session of the Japan-U.S. joint committee on trade and economic affairs in Washington, Finance Minister Miki Mitsu and Acting Foreign Minister Toshio Kimura indicated to newsmen that revaluation of the yen might be inevitable—but only in the course of a multilateral agreement to adjust world currency values.

The Miki and Kimura statements confirmed reports from Government sources that the Cabinet was determined not to change the parity of the yen unilaterally merely because of pressure from Washington and felt that the U.S. was not sufficiently strong at this moment to prevent the Japanese continuing to stall.

There seemed to be reasons for suspecting today that the Government of Japan would not reject out of hand a revaluation of the undervalued yen if such a move was part of multilateral moves developed in conference with the Americans and West Europeans. Both Mr. Miki and

Mr. Kimura more or less agreed it would be extremely difficult to hold the line on yen parity in any conference where the mood was in favour of world currency adjustments. It is common knowledge here that Washington has no intention of lifting the surcharge without some parity revisions, particularly of the Japanese yen. But the feeling in the Japanese

Cabinet this morning was that Washington would have no choice but to respond to a call for an international meeting on monetary problems and might surrender even before the International Monetary Fund conference opens in Washington on September 27.

In the meantime, hope continues in Tokyo that the monetary situation will remain relatively clear of an outright crisis between now and the bilateral Ministerial meeting in Washington early next month. Japan is fairly certain that the hard-pressed Americans again will make an embarrassing call for yen revaluation at that time. If Japan can avoid the delicate issue through fast footwork, it

devalue the U.S. dollar before Japan and the other industrially advanced nations even consider changing parities.

Tokyo financial circles reacted to the reports from Washington that M. Pierre-Paul Schweitzer, managing director of the IMF, had come out in support of devaluing the U.S. dollar as a means of stabilising the world's monetary system by expressing their agreement "without reservations."

But they were less receptive to news of the IMF draft plan for revaluing strong currencies such as the Japanese yen by 15 per cent, the D-Mark by 13 to 14 per cent and the British pound and French franc by more than 7 per cent.

	Fri. 13 Aug.	Tue. 24 Aug.	Fri. 13 Aug.	Tue. 24 Aug.
U.S. dollar	3.39	3.40	2.42	2.45
German Marks	2.51	2.52	8.20	8.30
French Francs	6.21	6.22	13.33	13.50
Italian Lire	4.06	4.12	15.91	16.08
Swiss Francs	3.45	3.59	9.82	9.71
Dutch Guilders	49.62	48.41	8.37	8.44
Belgian Francs	1.01	1.01	120.05	118.25
Canadian dollar			2.44	2.48
London rates				
Commercial rate				5.43 to the dollar
Financial franc rate				5.43 to the dollar

Reports on IMF plan push D-Mark up

BY CHRISTOPHER LORENZ

BONN, August 24.

WEST GERMANY reacted strongly today to the purported IMF plan for an international realignment of parities, rejecting it soon after its opening level of around 3.42—a 7 per cent revaluation rate—to 3.385, a rate of 8 per cent. Herr Schiller's reaction brought it back slightly to 3.3960 at the mid-day fixing, and later of Mr. Schweitzer's statement, the Economics Ministry said it had reacted so far because the report had severely affected the German foreign exchange market.

Prof. Schiller's statement said the reported revaluation proposals were based on "biased hypotheses." It added that the rates of revaluation discussed at last week's meeting of the EEC Council of Ministers were much about 30 per cent of normal lower than those expressed in the prevailing dollar rate on the West German foreign exchanges. The report of the IMF proposal quickly pushed the D-Mark up from its opening level of around 3.42—a 7 per cent revaluation rate—to 3.385, a rate of 8 per cent. Herr Schiller's reaction brought it back slightly to 3.3960 at the mid-day fixing, and later of Mr. Schweitzer's statement, the Economics Ministry said it had reacted so far because the report had severely affected the German foreign exchange market.

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S. Africa quotes \$ only

BY OUR OWN CORRESPONDENT

JOHANNESBURG, August 24.

IN A DRAMATIC break with tradition, the exchange rate quoted by the Reserve Bank when it reopened its foreign currency window this morning was that for the dollar. The dollar has replaced sterling as the key link between the Rand and most other currencies.

The Reserve Bank was this morning prepared to buy dollars at a rate of 1.407 to the Rand, 1 per cent above the official parity of 1.400. Its selling price for dollars was 1.395 to the Rand, which is 1 per cent below parity. The last time dollars were dealt in on the South African exchange market was August 16, the day after Mr. Nixon's emergency measures. The buying and selling rates on that day were 1.413 and 1.405 respectively, meaning that the cost of dollars in Johannesburg has risen by about 1 per cent.

The Governor of the Reserve Bank, Dr. T. W. de Jongh, said

Belgium sells guilders

By Our Own Correspondent

BRUSSELS, August 24.

THE BELGIAN National Bank today apparently sold between 10 and 15m. guilders for Belgian francs to support the fixed parities between the two currencies within a 1.5 per cent upward range. It seems that the Dutch National Bank was also buying Belgian francs for guilders in Amsterdam. The two institutions are acting in concert under a Benelux agreement to keep a stable relationship between the two currencies while floating vis-à-vis third countries.

Intervention in each other's currencies, rather than in dollars, represents an acceleration by the Benelux of one of the later stages of the Six's much-delayed plans for economic and monetary union, and is a feature of the Common Monetary front formed by the three countries in the dollar crisis.

The guilder did not move off its ceiling in the Benelux exchange market today, when it was officially fixed at Fr.14.02 the same level as yesterday. The dollar dropped slightly and was fixed for commercial transactions at Fr.39.48/50, compared with 48.77/89.57 yesterday for financial transactions, banks quoted the dollar at Fr.38.50/48.80 francs.

There was response yet to the Benelux call for a council of the EEC's Foreign Ministers early in September for another try at a joint monetary stance by the Community.

Australian \$ pegged to sterling

By Michael Southern, Australia Editor

SYDNEY, August 24.

THE AUSTRALIAN dollar was, as anticipated, pegged to the pound sterling today as restrictions in foreign exchange dealings by the trading banks were eased. The Reserve Bank issued a brief statement to say that spot transactions facilities had been restored, but it was not yet possible to restore full facilities for forward exchange cover.

If said rates for spot transactions and for limited forward exchange facilities would be available daily from the Reserve Bank, and would be based on yesterday's developments in the London and other main foreign exchange markets.

No statement on the rate was made, but the Reserve Bank indicated to trading banks a rate of \$2.143 to the pound sterling. This is the pre-Nixon package rate, and means a revaluation of around 2 per cent against the U.S. dollar and the yen.

This is not seen as a permanent move, but more a means of keeping Australia's options open as the problem becomes resolved in other countries.

W. German £14,000m. road plan

A £14,000M. SCHEME to make the German autobahn system the most comprehensive in the world has been launched by the Federal Transport Ministry. By the end of 1985, the country will have increased its autobahn network from 2,500 to 8,000 miles under three five-year plans. Half the cost will be borne by the tax on oil, said an official announcement.

The programme includes the improvement of trunk roads, removal of bottlenecks, improvement of connections between industrial and economic centres and the development of feeder roads.

At the end of 1970 there were 17m. vehicles on West German roads. In 10 years' time this is expected to increase to 20m. This would mean, if the population remained static that one in three Germans would be car drivers.

The scheme is also aimed at reducing accidents. In April this year road deaths averaged 52 a day, equal to a death toll of 18,000 a year, or more than twice that in Britain, which has about the same population.

TEXAS GOVERNOR DROPS CASE

By Jurek Martin

NEW YORK, August 24.

THE GOVERNOR of the State of Texas has given up his attempt to defy President Nixon's imposition of the freeze on wages. The Governor, Mr. Preston Smith, was advised by the State Attorney-General that he did not have the authority to override the President's order. The Administration had said that it would go to court if Governor Smith refused to comply. Mr. Smith's comment on announcing that he was backing down was: "I didn't have too many illusions about winning this thing but I do know that there was a constitutional question here that ought to be resolved."

CRICKET

India's well-deserved win

BY TREVOR BAILEY

THE OVAL, August 24.

INDIA completed the greatest year in their entire cricketing history by following up their victory in the Caribbean last winter by beating England here to win the short series in this country. A large, enthusiastic crowd, with a high percentage of home-based Indian supporters, turned up to greet this triumph. Let there be no doubt India thoroughly deserved to win. To their eternal credit they fought back after losing the toss and despite being confronted by a first innings total of 355.

Although it was asking too much to expect England to dismiss their opponents for under 100 on this ultra-slow Oval pitch, their bowlers tried desperately and received splendid support in the field. The witless Illingworth again bowled beautifully, but Underwood, despite capturing three wickets, was not on a pitch favouring spin and drift off line rather more than expected.

The major cause of England's defeat was undoubtedly the failure of the first five batsmen to score the runs for which they had been selected. And of course Chandrasekhar for India certainly turned in a match-winning performance with the ball on a pitch favouring spin and which largely blunted the English pace bowlers.

The day began with India 76 for 3 (Vaddekar 45 and Sardesai 12) requiring 97 to win. Predictably, England desperately needed a quick breakthrough opened aggressively. Engineer progressed steadily, if not entirely happily, towards his target. Eventually Illingworth unwillingly conceded the inevitable defeat by bringing on Luckhurst. With only four needed to win Viswanath, attempting a big hit, was caught off the Kent irregular. The way season. It is expected that about 50 sailings will be made from Underwood was switched to the shots indicated the pressure that Fleetwood in a full year.

played sensibly and straight, concentrated on defence and the runs came in a trickle. None of the bowlers beat the bat with the regularity needed to provide a sensational collapse and the longer this pair remained the more confident they became. The score gradually reached 100 and when a further ten had been added Snow, in desperation, was given a bowl, although this very slow pitch gave him no encouragement.

A 124 Sardesai was superbly caught by Knott off Underwood playing a full forward defensive stroke to a ball that turned sharply. England's slight hopes of victory received another boost when Solkar failed for the first time on the tour, being caught and bowled by Underwood. Fortunately for India Viswanath continued to defy the bowlers, receiving practical support from Engineer who predictably brought a more positive approach to the proceedings. These two were still together at lunch when only 27 runs were needed with five wickets in hand.

After the interval Illingworth ignored the new ball and the stubborn Viswanath and the more aggressive Engineer progressed steadily, if not entirely happily, towards their target. Eventually Illingworth unwillingly conceded the inevitable defeat by bringing on Luckhurst. With only four needed to win Viswanath, attempting a big hit, was caught off the Kent irregular. The way season. It is expected that about 50 sailings will be made from Underwood was switched to the shots indicated the pressure that Fleetwood in a full year.

would have been on India if their objective had been around the 220 mark. He did eventually strike the winning boundary and India were home in an ovation which suggested they were the home side rather than the visitors.

To put everything into perspective England would probably have won at Lord's and would certainly have done so at Old Trafford, but for the weather. However there are some obvious deficiencies in the present side and what is really worrying is the lack of young replacements.

Fleetwood to Isle of Man sailings again

PASSENGER sailings from Fleetwood, Lancs., to Douglas, Isle of Man, by the Isle of Man Steam Packet Company begin again today after a lapse of 10 years. This follows an agreement between the company and the British Transport Docks Board, which operates the Port of Fleetwood.

The Docks Board has carried out improvements costing over £30,000 in Fleetwood's Dolphin berth in the River Wyre to provide accommodation for the Isle of Man steamers. A new access way from the shore has also been provided for passengers. The service, to be inaugurated at 10.30 a.m. by the steamer Mona's Isle, will operate until September 14. Next year the company will offer mid-week sailings from the end of May until mid-September, with additional Sunday sailings during the high season. It is expected that about 50 sailings will be made from Fleetwood in a full year.

Zurich \$ rate slips back slightly

By Our Own Correspondent

ZURICH, August 24.

THE DOLLAR rate slipped back slightly in Zurich today to SwFr.3.873/3.885 after a rather more lively day's trading, the gold price being almost unchanged at \$33.15/\$33.38 per ounce.

Bankers were generally satisfied by the Federal Council's decision on Monday to leave matters unchanged in the present fluid situation and to introduce neither a split dollar rate nor a float, though it is felt that the present conditions, with the Swiss National Bank remaining off the market and foreign-trade and services income being tied to a weak and uncertain unofficial exchange rate, cannot continue for any length of time. The National Bank's intention to intensify its measures to ward off hot money is expected to protect Switzerland sufficiently from speculation when the market returns to normal operation, whereby "tightening up" rulings might be expected. In Monday night's communiqué are generally expected to include a negative interest rate on short-term Swiss-franc funds from abroad.

The National Bank's weekly accounts, just published for the period ended August 20, show that as a result of the National Bank accepting almost no foreign-exchange, its foreign-exchange reserves rose over the week by SwFr.20.7m. to SwFr.12,079m.

Massive conversions in Israel

By Our Own Correspondent

TEL AVIV, August 24.

SUNDAY'S devaluation of the Israeli pound by 20 per cent vis-à-vis the dollar has been followed by massive dollar conversions, by an unprecedented turnover on the Stock Exchange and by large-scale purchases of consumer durables by customers trying to buy goods in stock at the old prices.

The Bank of Israel has introduced a new rate of interest on the profits made by the commercial banks with the Central Bank over and above the deposits required by the liquidity regulations. This is 18 per cent, as compared with 11.5 per cent for liquidity deposits. As the commercial banks are forbidden under emergency regulations passed by the Knesset (Parliament), to increase their total of loans and credits (except by a very small amount) the new interest rate will give them a very healthy return for their extra funds.

However, bankers fear that the credit freeze will create a new "black market" with businesses borrowing straight from the public and promissory bills turning up. Considerable confusion reigns in the economy as to what price increases are permitted and what not, and what stocks will be liable to the devaluation equalisation levy.

SURCHARGE EXEMPTIONS

WASHINGTON, August 24.

THE UNITED STATES today added Canadian and Mexican petroleum to the list of items exempted from the ten per cent import surcharge. At the same time, the U.S. reaffirmed that all imports entering the United States under the quota system will be exempt from the surcharge.

He stated that he also wanted to rebut public criticism that Reuter

These Debentures have been sold outside the United States of America. This announcement appears as a matter of record only.

NEW ISSUE

August 25, 1971

\$25,000,000

Beatrice Foods Overseas Finance N.V.

6 1/4% Convertible Subordinated Guaranteed Debentures Due 1991

Convertible on and after March 1, 1972, into Common Stock of, and Guaranteed on a Subordinated Basis as to Payment of Principal, Premium, if any, Interest and Sinking Fund by

Beatrice Foods Co.

Kidder, Peabody & Co.

Banque de Bruxelles S.A.

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Banque de Paris et des Pays-Bas

Swiss Bank Corporation (Overseas)

Alahli Bank of Kuwait K.S.C.	Algemene Bank Nederland N.V.	Amsterdam-Rotterdam Bank N.V.
Andresens Bank A/S	Arnhold and S. Bleichroeder, Inc.	Bache & Co.
Bank of London & South America	Bank Mees & Hope NV	Bankers Trust International
Banque Française du Commerce Extérieur	Banque Générale du Luxembourg S.A.	Banque de l'Indochine
Banque Internationale à Luxembourg S.A.	Banque Lambert S.C.S.	Banque Louis-Dreyfus & Cie
Banque Nationale de Paris		Banque de Neufzize, Schlumberger, Maillet
Banque Populaire Suisse (Underwriters) S.A.		Banque Rothschild
Banque de Suez et de l'Union des Mines	Banque de l'Union Européenne	Banque de l'Union Parisienne
Banque Worms	Baring Brothers & Co.,	H. Albert de Bary & Co. N.V.
Bayerische Hypotheken- und Wechsel-Bank	Bayerische Vereinsbank	Berliner Handels-Gesellschaft
Gunnar Böhm & Co. A/S	Breisch Pinschof Schoeller	Burkhardt & Co.
Christiania Bank og Kreditkasse	Commerzbank AG/Crédit Lyonnais	La Compagnie Financière
Cosmos Bank (Overseas)	Crédit Commercial de France	Crédit Industriel d'Alsace et de Lorraine
Crédit Suisse (Bahamas)	Creditanstalt-Bankverein	The Daiwa Securities Co., Ltd.
The Deltac Banking Corporation	Deutsche Bank	Deutsche Girozentrale
Dillon, Read Overseas Corporation	Dresdner Bank	Effectenbank-Warburg
First Chicago	First Washington Securities Corporation	Fleming, Suez, Brown Brothers
Girozentrale und Bank der österreichischen Sparkassen		Goldman Sachs International Corp.
Gutzwiller, Kurz, Bungenier Securities	Hambros Bank	Handelsbank in Zurich (Overseas)
I. D. Herstatt K.G.a.A.	Hill Samuel & Co.	The Hongkong and Shanghai Banking Corporation
Kitcat & Aitken	Kleinwort, Benson	Kredietbank N.V.
Kuhn, Loeb & Co. International	Kuwait Investment Co. (S.A.K.)	Lehman Brothers
London Multinational Bank (Underwriters)	Manufacturers Hanover	Merrill Lynch, Pierce, Fenner & Smith
L. Messel & Co.	B. Metzler seel. Sohn & Co.	Model, Roland & Co., Inc.
Morgan & Cie International S.A.	Morgan Grenfell & Co.	Myers & Co.
New Court Securities Corporation	The Nikko Securities Co., Ltd.	Sal. Oppenheim jr. & Cie
Oyens & Van Eeghen N.V.	Paribas Corporation	Pictet International
Rowe & Pitman	J. Henry Schroder Wagg & Co.	Skandinaviska Banken
Smith, Barney & Co.	Société Générale	Société Générale de Banque S.A.
Stockholms Enskilda Bank	Strauss, Turnbull & Co.	Svenska Handelsbanken
Ultrafin International Corporation	Union Bank of Switzerland (Underwriters)	Vereinsbank in Hamburg
Vermeer & Co.	S. G. Warburg & Co.	Westdeutsche Landesbank
Western American Bank (Europe)	Westfalenbank	Girozentrale
		White, Weld & Co.

SEA DIAMOND CORPORATION, LIMITED

(Incorporated in the Republic of South Africa)

CIRCULAR TO MEMBERS

The report printed below has been issued by The Consolidated Diamond Mines of South West Africa Limited on operations in the concession areas which it leases from Marine Diamond Corporation Limited.

In March this year Members were informed that the lease agreement with The Consolidated Diamond Mines has been renewed, with effect from 1st January, 1971, for an initial period of one year with the right of renewal on a year-to-year basis for a further two years, at a lease rental of R2 000 000 per annum.

During the currency of the lease, The Consolidated Diamond Mines is carrying on operations for its own account and bearing the expenditure thereon. Mining operations ceased in the sea and offshore areas during April 1971, however, and consequently no further reports will be issued to Members until mining operations are resumed or anything of significance is revealed by prospecting operations.

THE CONSOLIDATED DIAMOND MINES OF SOUTH WEST AFRICA LIMITED

Report on operations during the period January to April 1971 in the areas leased from Marine Diamond Corporation Limited.

Summary of Operations

	Four Months ended April 1971	Half-year ended April 1971
Foreshore Mining		
Cubic metres stripped	322 459	869 697
Cubic metres deposited screened	94 850	219 392
Carats recovered	45 414	68 022
Grade-carats per cubic metre screened	0.48	0.31
Average size of diamonds-carats	0.50	0.52
Cost per cubic metre screened	R3.64	R2.87
Working cost per carat recovered	R7.61	R9.37
Average net revenue per carat recovered (after allowing for diamond export duty and royalty)	R27.91	R28.39
Sea Mining		
Estimated cubic metres treated	40 693	13 180
Carats recovered	40 825	16 571
Estimated grade-carats per cubic metre treated	1.00	1.26
Average size of diamonds-carats	0.41	0.42
Estimated cost per cubic metre treated	R23.26	R39.72
Working cost per carat recovered	R23.19	R31.54
The diamonds recovered during this period have not been sold.		

MINING OPERATIONS

Expenditure on prospecting and experimental operations in the sea area amounted to R214 137 and prospecting expenditure in the foreshore area amounted to R28 648.

Foreshore

Mining operations were suspended in Mid-April pending improvement of the diamond market, but efforts are being made to develop methods of extending the mining of individual rich gullies into the surf zone.

Sea

Sea Mining operations ceased on 23rd April 1971 when the known reserves were depleted.

Gully Sampling

'Bellatrix' was used to investigate gullies occurring in areas of exposed bedrock, but was unable to undertake quantitative sampling. On completion of her deep water sampling programme 'Rockeater' which has a proper mooring system and a plant for the recovery of diamonds, was fitted out for gully sampling in place of 'Bellatrix'. To facilitate sampling of these gullies, divers are equipped with mixed gas breathing apparatus and specially designed diving suits. Progress has, however, been slow and only four samples were completed which yielded 52 diamonds weighing 14.77 carats.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED.

per: R. A. Mudd, Consulting Engineer

24th August, 1971.

Jacoll
Hatch

J. COLLETT LIMITED

The 34th Annual General Meeting was held on August 24 in London. The following are highlights from the circulated statement of the Chairman and Joint Managing Director, Mr. Maurice Harris:

- ★ Group sales were £2,698,277 (£2,807,594) and pre-tax profits were £158,757 (£282,099).
- ★ The year was not a good one for the hat industry. Apart from the general economic conditions and the postal strike the mild weather was not to our advantage.
- ★ Difficult trading conditions have continued throughout the Spring season but our Autumn hat showings indicate that the initial forward orders for next Autumn are at a satisfactory level.
- ★ In the four months year that have elapsed since the beginning of the new financial year the pattern of trading has not improved. Although I would expect some improvement from the poor results for the year to 31st March, 1971, I would not expect to see the level of profits for future years reach the record profits attained in the year ended 31st March, 1970, unless some measure of diversification is achieved.

Copies of the full report and accounts are obtainable on application to the Secretary, Charterhouse Square, London, E.C.1.

CELESTION INDUSTRIES

★ **TURNOVER UP** "sales have increased from £2,096,800 to £3,488,000."

★ **PROFIT UP** "profit before tax increased from £92,496 to £157,482."

★ **DIVIDEND UP** "your directors recommend a dividend of 6% compared with 4% for last year."

"I am cautiously optimistic about the prospects for the current year. The first quarter's trading shows a continuation of demand... I expect that we shall be able to achieve a greater turnover and better profits... Much will depend on our management's ability and ingenuity to improve our efficiency in design and production sufficiently to counteract pressures on margins and I am confident that they will succeed."

From the Annual Statement by the Chairman, Mr. D. D. Prens.

Copy of the Report and Accounts may be obtained from The Secretary, 130 Mount Street, London, W1Y 5EA.

BEST AND MAY LIMITED

(Stockists and Distributors of Electrical Equipment)

ANOTHER RECORD YEAR

The following points are taken from the Accounts for the year ended 30th April, 1971 and from the circulated statement of the Chairman and Managing Director, Mr. W. BSEI.

	1971	1970	1969	1968	1967
Net Profit before Tax	£22,035	109,730	91,050	73,230	65,262
Net Profit after Tax	£22,035	55,730	50,150	42,680	39,512
Total dividend of 40% costs £40,000 (covered 1.8 times).					

Sales in the first two months of the current financial year show a satisfactory increase compared with the turnover of the first two months of 1969/70. The June 1971 turnover was the highest monthly figure ever achieved by the Company.

We are now the Major Distributor for GEC-Henley Limited's engineered products for the area covered by the South Eastern Electricity Board. We have not felt, as yet, the benefit to be derived from this distribution arrangement, but we are confident that this will prove of mutual benefit to all concerned.

Next Finance Bill to stop 'long lease' tax avoidance

A NEW FORM of tax avoidance involving the use of premises for very long leases payable by relatively small yearly instalments and a final large instalment at or near the end of the lease is to be curbed by legislation in the next Finance Bill. The potential loss of tax is very substantial, the Inland Revenue stated yesterday. "The device is complex and may involve several intermediaries," it added. "In a typical but simplified example, A grants a 250-year lease to B at a premium of, say, £1m, payable by instalments of £100 for each of the first 249 years and a final instalment of £975,100 in the 250th year; interest is payable on outstanding instalments."

Deferred payment

"Under the lease (or a related agreement), B is entitled to assign his liability to pay the instalments and interest. This he does by paying a sum equal to the full premium to C, an associate of A. The full amount of the premium is thus effectively made available to A, not B, but a claim that under the capital gains tax rules for payment by instalments (which charge consideration payable by instalments proportionately to the instalments come in), he is entitled to defer payment of virtually the whole of the capital gain tax liability for 250 years."

"There is also evidence that those concerned are turning long leases of this kind into short leases for tax purposes by incorporating a break clause exercisable early in the lease, but in a form which protects any sub-lease made before it is exercised. It is clear that this provision is incorporated in order to create artificial tax losses and deductions."

"These arrangements have no purpose other than the artificial postponement of liability to tax or the obtaining of tax relief on artificial losses and deductions. While the Inland Revenue reserve their right to challenge these cases in the ordinary way, the Chancellor of the Exchequer considers it right to give notice of intention to legislate."

Scheme with two aspects

A tax expert writes: The transaction referred to appear to involve two separate but related forms of tax avoidance. There is reason to doubt whether the arrangements succeed under present law and it is certainly the intention of the Inland Revenue to challenge them in the courts. In addition, it is intended to introduce new legislation which it is hoped will clearly cover future transactions. The first type of transaction covers someone (individual or company) in a position to dispose of property at a substantial profit. In the normal way this profit would attract capital gains tax, corporation tax or income tax and surtax, depending on the status of the vendor. The key to the technique is to grant a long lease to a company, the premium for a series of instalments payable over (say) 250 years. The liability to pay the instalments is then assigned for a consideration, involving a suitable discount, to a company which is associated with the vendor.

The vendor is then in a position where most of the consideration is only receivable at the end of 250 years, and the tax liability is postponed until that date. The consideration is, however, received in cash immediately and probably appears in the books of the vendor as a repayable advance. (The advance would of course be repaid at the end of 250 years out of the proceeds of the last instalment. As the vendor is in a position to dispose of the property at a substantial profit, the purchaser will be paying a capital sum for a capital asset. If, instead of paying £1m, for a capital asset, he can arrange to pay a high rent of, say, £150,000 for 10 years, following by a rent of only £100 per annum for the next 240 years, he might hope to claim a tax reduction on the £15m. On these figures, allowing for interest, both vendor and purchaser will be better off at the expense of the Inland Revenue. At the end of the 10-year, high-rent period, the "purchaser" would have been able to charge the whole of the purchase cost against income. He would, of course, have a continuing liability to tax should he then dispose of the property, but in the usual case of an industrial or commercial purchaser this liability could be postponed indefinitely.

High rent

By involving a sufficient number of companies in the chain, it would probably be possible to combine deductibility over a ten-year period with an immediate cash payment. The combined effect of these arrangements would be (if they were effective) to allow the vendor a virtually indefinite postponement of the tax liability on the sale of the property while permitting the purchaser to write off virtually the whole of the cost of the acquisition against taxable income.

now that it is proposed to introduce legislation in the next Finance Bill to make the position watertight."

The legislation will apply to transactions of the kind described which are entered into after yesterday and will apply to land or any other asset in the disposal of which these artificial devices are employed. As regards such transactions entered into yesterday or earlier, the legislation will not apply to amounts payable yesterday or earlier.

Nullified

But it will apply to amounts becoming payable from yesterday, and will nullify any future loss relief or other deduction which might have resulted from these transactions. Taxpayers in doubt whether transactions into which they have entered are within the scope of the Inland Revenue statement are advised to send a full account of the facts and copies of the relevant documents to the Board of Inland Revenue, Somerset House, London, W.C.2.

Knitwear issue settlement in Glasgow

GLASGOW, August 24. A PROTRACTED battle by a knitwear company over planning decisions made by Glasgow Corporation, subsequently rescinded has now been "happily settled" at a cost to the Corporation of £52,000.

In the early 1960s the planners scheduled the five-storey building of McClure and McIntosh in Rutherglen Road as a site for a community centre in the first major redevelopment scheme in Hutchesontown-Gorbals. Later, it was rezoned for industrial purposes.

In the interval the company acquired an old biscuit bakery premises in the Kinning Park area as alternative premises. The building was objected to by the planners because its external appearance was old.

After being rezoned for industry, the company's negotiations. The corporation has now agreed to pay £52,000 for "fees and expenses which the company might have incurred" along with the acquisition by the corporation of the bakery premises for £20,000. A company spokesman said today: "Our factory internally is equipped on most up-to-date lines. We employ over 300."

Out-of-town shops report for committee

CHESTERFIELD, August 24. A DETAILED report on out-of-town shopping centres is being prepared for Derbyshire County Council planning committee. The report will be submitted to the committee's October meeting. Until then the committee would make no policy decision, a spokesman said.

Mr. Alwyn Stubbs, chairman of the East Midlands Chamber of Trade, to-night called for greater consultation between the county and interested groups on this and other major issues. Mr. Stubbs has already warned that out-of-town shopping centres could turn the centres of many communities into "ghost towns."

S. Africa to buy Swallow Raincoats

CROZIER AND PAULDING, the Johannesburg import agent, is to market Swallow Raincoats throughout South Africa.

Swallow Raincoats is the rainwear manufacturing subsidiary of S. and U. Stores, the Birmingham retailing and mail order group. Mr. Clifford Coombs, chairman of Swallow Raincoats, said yesterday that his company was discussing the introduction of golf wear to the South African market. Crozier and Paulding is understood to have earmarked a substantial proportion of its import quota for Swallow products.

LATEST WILLS

Mr. J. R. H. Sumner, of Droghda, Worcester-shire, former president of Typhoo Tea, left £240,490 gross (debt £258,947) £209,547

St. Richard Appock, of Cranleigh, Surrey, general secretary of the National Federation of Building Trade Operatives from 1921 to 1961, left £32,014 gross (debt £2,141) £31,871

Coal stocks enough for winter-Ezra

BY OUR OWN CORRESPONDENT

WALSALL, August 24. ALSO BE SUFFICIENT, Mr. Ezra added that this was providing there was no abnormal weather or industrial trouble.

There was, he said, a much better feeling in the coal industry about its future. Attendance figures were better than ever, there was more confidence in jobs and more enthusiasm among the workers. Coal would go through a much more positive time in the 1970s. There might be some pit closures in cases of heavy losses, but the days of substantial closures on economic grounds were past. He said export prospects were good and the Common Market would help.

The electricity and steel industries, the NCB's biggest customers, should be pretty well safeguarded, and the domestic consumers should also be supplied, he said. Stocks of smokeless fuels should also be sufficient.

Lancaster Carpets

buy 5-acre site

BY JOHN TRAFFORD

LANCASTER CARPETS, one of Britain's largest tufted carpet makers, is taking its current expansion programme a stage further with the purchase for £57,000 of a five-acre site at a Denton, Manchester, which adjoins its existing 8.5 acre factory.

The land has been bought from the North Western Gas Board, which earlier this year closed down its gas works there as the area switched to North Sea gas. As a temporary measure, an inflatable althouse will be erected on the new site, that carpet may be stored there instead of in the main factory where space is needed for another £30,000 Singer Cobble II tufting machine, the company's specialist. The machine is being delivered this month.

A £200,000 warehouse is being brought into operation. In it a £40,000 two-way cutting table for broad loomcarpet is being installed, which should cut wastage from the usual 10 to 20 per cent to little more than 1 per cent. Annual savings of £70,000 are predicted. Although similar machines have been installed abroad, this will be the first in Britain.

Another step in the expansion will take place next April with the opening of a £150,000 office block.

HOME CONTRACTS

Davy & United wins £1m. BSC work

Davy and United Engineering Company (Davy-Ashmore) has received an order worth over £1m. to modernise and extend the 11-inch continuous bar mill at the British Steel Corporation's Park Gate plant, Rotherham works, in the special steels division. The project will be engineered jointly by Davy United and Morgan Construction Company of the U.S.

Dowty Boulton Paul has received an order, worth £750,000, for power control equipment for production versions of the Concorde airliner. The company has supplied similar units for all prototype and pre-production aircraft.

Carrier Engineering Company is to build a car body pretreatment and paint finishing plant for the Austin Morris group of British Leyland. The plant at the Longbridge, Birmingham works, will cost £680,000.

GKN (South Wales) is to supply 3,000 tons of mild and high-yield reinforcing steel, for use in a five-mile section of the M5 motorway, now under construction in Somerset. The order, worth about £200,000 is from Cementation.

Amasco Roads (Scotland) has been awarded a £20,633 contract to build a road at Nithill Road, Spiersbridge.

Ford Motor Company has won a £173,000 order from the Automobile Association for 327 Escort vans. The vehicles will be used to tow the association's towing service.

Honeywell's industrial products group has won a £250,000 order for control equipment to be installed at the Central Electricity Generating Board's North-East power station, which is being converted from coal to oil-firing.

John Laing Construction has started work on a £200,000 contract to modernise 100 houses at Robert Burns Avenue for Clydebank Borough Council. It is scheduled for completion in 15 months.

Fitzpatrick and Son has been awarded contracts worth more than £650,000 for sewer building and a main drainage scheme. The largest, for £360,000, awarded by the Rochford Rural District Council, Essex, is for the main trunk sewer from Rockley to Rochford on which work started last month. Work has also recently started on the £200,000 Cowlings to Stansted main drainage scheme for the Essex Rural District Council in Suffolk.

GARDENS TO-DAY

You can have too many flowers

BY ROBIN LANE FOX

THE MORE I garden, the more I find that I am moving away from flowers. To those who plan flower-beds and flower-gardens, this must be a contradiction: if gardens exist for the sake of flowers, how can I talk of a flowerless garden? It would be as if I claimed to be married without even having a wife. But gardens, like wives, are with us all the year round, though the flowers of a plant have come and gone, in a matter of hours, if they are Day-lilies, in a matter of weeks if they are Daffodils.

Colour sequence

We struggle to get round this, planning a continuous succession of colours, rooting out the tulips (usually too early) and cramming in the Petunias (often too late). Or we think we are being clever by giving up bedding out and running our herbaceous borders away from the house, so that the eye can look down on their graded heights and colours, yellow leading into orange, orange into purple, and purple into blue, like so many squares in a child's colouring book.

Flowering shrubs take the place of annuals, ground-cover smotherers one week with another, and rightly, we are proud of the labour we have saved. But the victory is narrower than it seems; like those who can seriously oppose the Common Market because of a quibble with its rules, we are misapplying the rules while still wanting to play the game. The game itself is what needs to be questioned: are flowers the aim of gardening, any more than economic growth is the only possible aim for a society?

Personally, I think they are not. Yearly, I become more intrigued by leaves and stems, and the closer I look, the deeper the interest goes. Gardening, to me, is a struggle not between saving and wasting labour but between seeing and noticing. You only have to step outside my door to see the Mexican Orange, as it is now too bulky for any visitor to miss it, but you have to notice it rather than see it, to fix it with an understanding and attentive eye before you realise how its light leaves glisten with reflected light and step it ever becoming dank, except in mid-spring, when, like many evergreens, it sheds its winter leaves.

"You must come and see my Roses" I am often told, but this invitation only extends to seeing the flowers. It does not include noticing their extraordinarily varied leaves, noticing the red young shoots of Constance Spry in August, or the flowing thorns of the tall Pterocarpus, hardly a sight for the hurried viewer. If only we noticed as much as we saw, our style of gardening would be longer-lasting and more satisfying.

Box and yew

Take Box and Yew, for instance, that happy English combination. To the viewer they are green, bulky, not flashy enough to catch the travelling eye, but at least they are there all the year round. To the observant, Box has a sweet-smelling flower, a blue-green leaf in certain forms and a mass which is both close-knit and curly, like a green crocheted pattern. Yew is the sombre contrast, the well-dressed gentleman in his unobtrusive suit with a string of pearls, a habit of turning golden at his growing tips in late spring. No wonder that Box and Yew make as subtle a picture as any flower-border.

Whatever we plant, the choice is there: either you choose bright yellow Daffodils and stiff pink Tulips, mixing them with clever colours or lumping them together on the theory that flowers can't clash, or you choose the wide-headed cousin of the onion, Allium alba-pilosum, noticing how its lilac-purple ball of starchy flowers is the bold contrast of shape and colour which sets off a clump of silver leaves, leaf being complemented by flower and not the other way round.

Or you are choosing annuals and instead of the short-lived daffodils and tulips (even if the flowers last, their effect does not), you sow the statey Castor Oil plant, Ricinus in the catalogues, and mix it with Virgin Mary's Thistle, Silybum Marianum, of all the ridiculous names. The Castor-oil Plant has long-fingered leaves which radiate out from the stem in a brown in the form called Gibsonii, an even prettier and brighter grass-green in the form called Zanzibarensis. If sown in April in a frame, house or greenhouse and planted out on June 1, these will be 4 feet tall or more by September in a favourable summer.

Beneath it, he generous with the Virgin's thistle, though its prickles are a nuisance, for even in shade it grows two foot tall and gives you its boldly cut leaves, more solid than fingered Castor Oil above, it lightens the ground level by its natural spotting of white variegation on its leaves (like much else, allegedly an overblow from the excessively milky Virgin Mary). The combination will delight you from June until late October without resort to the decoration of a flower.

Cheap and easy

These two annuals are the cheapest and easiest expression of the style I now want in my garden. So many of their fellows, the most enjoyable pastime for an August holiday, try to look further than the flowers and begin to notice what you now only see. Then perhaps the day will come when gardens are leaf-gardens filled with stem-beds, shrubs are not always called "flowering" and catalogues sell seeds not for colour but for scent and patterns of light and shade.

STOKE TO SPEND £1m. ON BLOCKS OF FLATS

Stoke-on-Trent housing committee is to spend £500,000 on three nine-storey blocks of flats. The flats, to house 344 people, will be built in about 18 months. Work will begin in the New Year. The scheme has been welcomed by Stoke Chamber of Trade. Bringing families back to Stoke was what they wanted for the good of the town as a whole, it was stated.

TRAINING BOARD CHANGES

Wholesale dealing by a merchant or factor in building equipment is to be brought within the scope of the Distributive Industry Training Board. Up to now this has fallen under the wing of the Construction ITB. The activities of check traders and of persons engaged wholly or mainly as consultants or valuers in connection with antiques and works of fine art is also to be excluded from the DITE.

NEW NORTH SEA CONTAINER SERVICE

North Sea Ferries' container vessel Norbank is scheduled to open a new Hull-Rotterdam container service on October 28. A sister vessel will join the service in February. Sailings will be offered three times a week in each direction initially and five a week when the second vessel enters service.

ELECTRONICS & AUTOMATION

The Financial Times will publish in its issue of September 13 a survey of Electronics and Automation. The following indicates the proposed editorial content.

WARFARE IN WORLD MARKETS For several years, sharp price cutting has brought cut-throat competition in every sector of the component market. The consequences if this continues.

GIANT STRIDES IN TECHNOLOGY New materials, manufacturing methods and applications appear every day. How users of circuits are coping.

THE PROMISE OF OPTO-ELECTRONICS Large potential applications exist for novel techniques which combine visible and invisible light with electronic circuits.

CORES, FILMS, OR INTEGRATED CIRCUITS? One of the biggest outlets for electronic components is in computer memories where three technologies are fighting for mastery.

HOW TO MEET NEEDS QUICKLY A distribution service, to be worth while, must be much more than a "warehouse", providing advice on the best equipment for any particular job.

DISTRIBUTION IN THE EUROPEAN CONTEXT Membership of the EEC will bring a number of advantages to the distributor, particularly in a large network. But some difficult problems will also be posed.

A BRAIN UNDER THE BONNET A good deal of development work is in hand towards the production of a single controller which will look after virtually all the electronic functions of an internal combustion engine vehicle.

SLAVES WITH BUILT-IN POWER The more forward-looking computer installations, and many of those now planned, need terminals which are capable of carrying out a great deal of work by themselves, independently from the large central machine.

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COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED (Incorporated in the Republic of South Africa)

DIVIDEND NO. 91

Due to the fact that the South African Reserve Bank has not fixed the official rate of exchange between the Rand and the £ sterling, the Board requests that, in the circumstances, dividend No. 91 due for payment from the Office of the United Kingdom on 27th August, 1971, cannot be paid on that date.

This decision has been taken pursuant to paragraph 3 of the Memorandum of Association of the Company and will be closed from Wednesday 25th August, 1971, to Friday 27th August, 1971, both dates inclusive.

As soon as the official rate is fixed a resolution will be made to ensure that payment of the dividend and every shareholder will be made to ensure that payment is made within 7 days thereof.

By Order of the Board,
C. A. J. CLARKE, Secretary.

Head Office and Registered Office: Consolidated Buildings, 20, Finsbury Square, London, E.C.2.

JOHANNESBURG, Office of the United Kingdom: 10, Finsbury Square, London, E.C.2.

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NOTICE IS HEREBY GIVEN that the Transfer and Register of Members of the Company will be closed from 27th August, 1971, to 12th September, 1971, both dates inclusive.

By Order of the Board,
C. H. JONES, Secretary.

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have a vacancy for an Internal Analysis Clerk. The position would suit a man with good audit experience, but not necessarily with stockbroking qualifications. He would keep a daily control of the ledger and liaise with the stock exchange. Write Box A2162, Financial Times, 10, Cannon Street, EC4P 4BY.

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Applicants aged 30-40 should have gained experience of taxation with retailing, hotel, catering and allied trades and should have had practical training and experience as an INSPECTOR OF TAXES.

Applications, which will be treated in the strictest confidence, should be made by 31st August 1971, to: J. D. C. Stanley, Personnel Controller, Ludlow Group Limited, Cannon House, Cannon Street, London W1A 1TD.

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The Executive's World

EDITED BY
DAVID PALMER

Paris goes for a Burton

BY JOHN TRAFFORD

IF YOU stroll down the rue de Rivoli past the Louvre, you can scarcely miss a large, handsome menswear shop on the far side of the street well stocked with bronzed papier-mâché models. There is a good reason why it looks so familiar: above the shop window an impressive title reads "Burton of London."

There are another five Burton shops in the Paris region and seven more in other parts of France. Since the company first came to France, sales growth has been fairly rapid but scarcely meteoric. Next Wednesday, however, Burton really will lift itself into the stratosphere by taking control of 38 shops belonging to the far-flung St. Remy chain of retail clothing stores.

The acquisition will push Burton's sales in France from £2.8m. to around £8.5m. and, besides boosting the outlets for menswear, will take the group for the first time into ladies' outerwear. Within a few months, sailors at Brest, hunters at Charleville, dentists at Pau and students at Grenoble should all be familiar with Burton of London.

Burton is paying just under £1.7m. for an 85 per cent stake in the St. Remy group equity. M. Andre Bernheim, the proprietor, is himself holding on to the balance and joining the combined company's board. The shops are scattered around provincial France with clusters in the extreme west and south west but none in Paris. Only in Strasbourg do Burton and St. Remy shops overlap.

For Burton, with its heavy dependence on the British market and with a capital employed of around £10m., the new French venture is a striking departure from the cautious policies of the past. Here, as in almost all the important changes now taking place within the group, one can sense the guiding hand of Mr. Ladislav Rizek, who took over the job of group managing director two years ago.

His enthusiasm for a deeper involvement in France and his skill in the St. Remy negotiations have been a powerful tonic for the French subsidiary's employees. Derek Croucher, who has headed Burton's operations for the last seven years it has

been operating in France, is a keen believer in the attractiveness of the market. It is the only European country apart from Britain where there is a substantial demand for made-to-measure clothes. Of the £180m. ("des prix vraiment fairplay")



A new Burton recruit at Tarbes, South West France

of men's outerwear sold annually in France, about £24m. comes from the multiple tailors. Twelve per cent of the total market may not be much in comparison with the penetration achieved in Britain, where the multiples could not be ascertained or estimated about half the total, but it is still significant. Furthermore, in contrast to the trend towards ready-to-wear clothes which has caused the British multiples to modify their operations here, made-to-measure tailoring shows no signs of faltering and may even be making inroads into the ready-made market.

Tailoring is one of those fields in France where Englishness pays. Burton have stressed three things in its French promotion: from Britain where there is a substantial demand for made-to-measure clothes. Of the £180m. ("des prix vraiment fairplay")

multiple tailors, but none of them begins to compare in size with the British chains. About three-quarters of men's outerwear sales are handled by independent retailers, precisely the reverse of the U.K. situation where the multiples and the chain stores take the lion's share of the market. The state of the French retail network both reduces the competition and allows the bigger groups to step up their sales through acquisition if they wish.

Burton has built up its business stepwise since 1954. The fact that it is now taking a giant stride cannot just be explained in terms of the attraction of profitably eluding more Frenchmen. The other main consideration has been that Burton's French operation had developed a serious imbalance, with too much making-up capacity in its factories in Boulogne and Paris compared with its retail outlets.

To serve the French market, Burtons, like its competitors, has to be able to offer a seven day delivery on made-to-measure suits. The chic Frenchman demands it, unlike his leisurely English neighbour who meekly accepts four or five weeks delay. The short delivery time in France means that the making-up factories must be in France, and well located at that. Burton inherited one old-fashioned factory in Paris when it bought the small menswear group Alba in 1964.

Although output was raised three fold during the following years, it was still insufficient for a new factory would be needed. This started production at Boulogne in September, 1969, just one month after President Pompidou cracked down on consumer spending.

It was scarcely Burton's fault but the company found itself with a minimum economic capacity at its two factories of 1,900 suits a week when demand had fallen sharply away to no more than 1,500.

ACCOUNTANCY EXPOSURE DRAFT No. 5

Tough rules on extraordinary items

BY SANDY McLAHLAN

COMPANIES which even out their profits and losses by frequent recourse to crediting and debiting items against reserves will get a shock from the latest exposure draft issued by the Institute of Chartered Accountants in England and Wales.

Although the draft is much as expected it will nonetheless have a powerful effect on the presentation of profit figures. It goes to force in its current form. Basically it seeks to abolish reserve accounting—the practice of putting "exceptional" items straight into the balance sheet. The Institute has taken very catholic view of what may be termed "exceptional" and very rare exceptions it ants these still to go into the profit and loss account after tax and minority interests under an exceptional items heading.

The Institute rejects the traditional view held by probably more than half the total public quoted companies that "extraordinary" items, which are not expected to recur frequently, should be excluded from the profit and loss account. This view is based on the argument that inclusion of such factors might give a misleading impression of the state of the company in a longer term standpoint.

The Institute has decided, instead, that this philosophy in a wrong hands grants a licence to sledge accounts. It seems to think that too many companies are to see certain debits as exchange gains and losses other than those resulting from a genuine, while a few companies might sometimes be taken profit and loss transactions. Now the rules of the game are unequivocally set out.

Basically closely defined prior year adjustments should be kept out of the profit and loss account. Equally closely defined exceptional items should be brought in at the net profit level and everything else passes as normal business.

The real sting is in the definition of terms. Prior year adjustments include only transactions where the accounting effects could not be ascertained or estimated with reasonable assurance at the time of the preparation of the accounts for the relevant period, usually because of some major uncertainty then existing. Companies will not be in any hurry to shelter behind this definition, since the Institute says that these factors would be disclosed in the accounts of the year to which they relate, and would probably involve a qualification to the auditors' report in view of the uncertainty.

Extraordinary items are defined as "those material items which derive from events or transactions outside the ordinary activities of the business and which are not expected to recur frequently."

It also specifically excludes abnormal charges for bad debts, write-offs of stock, and losses on long-term contracts. Particularly important in the new atmosphere of floating exchange rates is the exclusion of abnormal foreign exchange gains and losses other than those resulting from a genuine, while a few companies might sometimes be taken profit and loss transactions. Now the rules of the game are unequivocally set out.

closure of factories, or other significant parts of the business, sale of investments which were not acquired with the intention of resale, and the writing off of intangibles because of unusual developments during the trading period.

Even these narrow categories are expected to be shown in the profit and loss account as exceptional items. Everything else is to go into the normal trading period.

If these proposals are eventually embodied in a Statement of Standard Accounting Practice, the effect on many companies will be to show much greater fluctuation in the published profit figure even before exceptional items. Looking from the other side of the fence, the effect will be to show much more clearly the true profit figure for any given company in any given trading period.

Many companies of course already broadly comply with the new proposals. But companies dealing with raw materials subject to wide swings in price, and whose current practice is to maintain a reserve to balance these out, occupy just one category where the profit and loss account will look materially different under the new rules.

There will be many other categories as well. In general all companies which have been overenthusiastic in their recourse to reserves—either in or out—will have to rethink their approach. And the Institute itself found that of 1,300 extraordinary items identified in 300 company reports for the year to end-June 1970, no less than 850, approximately two-thirds, were dealt with in the balance sheet rather than the profit and loss account.

Reorganising and expanding production is only one aspect of the St. Remy take-over. The biggest problem facing Derek Croucher was to decide what to do with the 35 St. Remy shops, many of which were in a very rundown state. They had all been selling ready-to-wear

September 15 and October 17 seven new Burton shops will be open for business, six of them former St. Remy stores. Among the six three will be Burton/St. Remy hybrids and three "straight" Burton shops. While the first new shops will conform to the present Burton of London image, a new image and new interior designs are being prepared by CDG, formerly the Conran Design Group, a Burton subsidiary since April.

Even before the formal take-over, the menswear buying and the sales organisation of the Burton and St. Remy groups has been merged. Integration of financial control is also well advanced. The main problem, as so often is the case, is that apart from M. Andre Bernheim, the St. Remy organisation had little senior management talent.

Two out of four American-educated MBAs recently recruited by Burton have been assigned to the Paris office and are hard at work. Sales are now forecast to surge ahead. In the year to August, 1972, the combined group sales are expected to reach £8.5-£8.7m. compared with a total of £6.9m. achieved by the two groups separately before the merger. Virtually all the sales growth will be on the menswear side where the new outlets for made-to-measure tailoring are expected to lift Burton sales from £2.8m. in the current year to £4.6m. in the next. Last year neither group earned more than £100,000 pre-tax; a big improvement is clearly being looked for.

Because the French menswear market is so different from that in West Germany or Italy, the Burton group may not find it possible to treat Burton France as a stepping stone to bigger things in the EEC generally. But the latest acquisition does have a general significance which applies to many other British companies.

Second, owners of continental family businesses and continental governments will agree to foreign take-overs if all parties including suppliers, employees and customers, stand to gain.

Reorganising and expanding production is only one aspect of the St. Remy take-over. The biggest problem facing Derek Croucher was to decide what to do with the 35 St. Remy shops, many of which were in a very rundown state. They had all been selling ready-to-wear



Mr. Derek Croucher

womenswear as well as menswear over the years. The problem was how to introduce made-to-measure menswear and what to do about the womenswear.

The chosen path is a typical British compromise. Some of the larger St. Remy shops will be "cut down the middle" so that a Burton store and a St. Remy one adjoin. Burton will handle the menswear, St. Remy the womens and the two stores will be linked so that customers can move from one to the other.

Other St. Remy shops will be given the full treatment and converted completely to Burton menswear stores. And still others, on the whole the smaller shops and those in the less promising areas, will continue to trade as St. Remy but will carry a "Burton Boutique" somewhere inside. For the smallest of all, the made-to-measure service will be provided in a St. Remy shop.

Already the training of the staff and the refitting of the shops has started. Between

September 15 and October 17 seven new Burton shops will be open for business, six of them former St. Remy stores. Among the six three will be Burton/St. Remy hybrids and three "straight" Burton shops. While the first new shops will conform to the present Burton of London image, a new image and new interior designs are being prepared by CDG, formerly the Conran Design Group, a Burton subsidiary since April.

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Your Business Problems Classes of director

BY OUR LEGAL STAFF

I am considering the possibility of a "part-time" directorship with a private company. Can you please define for me, in brief, the following terms: permanent director, associate director, executive director, non-executive director, and part-time director? Is a private company required to have a managing director?

The terms depend on the articles of association which include in their articles an article empowering the directors to appoint a "special executive" or "assistant" director and limit his rights and liabilities so that he is not deemed a director within section 155 (1) of the Companies Act, 1948.

Some companies have permanent or life directors. This means they need not retire by rotation but they can still usually be removed by the general meeting. A private company is not required to have a managing director. In many companies the managing director combines the position of director and of employee. The scope of his duties appear from the articles and his contract with the company.

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gains tax loss, to set against a profit on the sale of land which will give rise to a capital gains tax liability.

The reason for this is because Section 23 Finance Act 1965 exempts gains on life policies by the original beneficial owner, so that means, that losses on such policies cannot be set off against other gains which are chargeable to capital gains tax.

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Compulsory purchase

In a reply regarding compulsory purchase on August 4 you stated that the Inland Revenue seek capital gains tax when the company is liquidated but assess the compensation when received.

We have a petrol station which the local council propose compulsorily to purchase. Providing the compensation is spent on acquiring other premises and assets do we understand that no corporation tax or capital gains tax will be required except if and when the company is liquidated.

The gain which would be taxed on the receipt of the compulsory purchase can be deferred by the purchase of other assets in order to carry on the business. However you should consult your accountant regarding this matter before you make the purchases.

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Ideas for sale

BY A U.S. CORRESPONDENT

ANY COMPANY with a yen to diversify but without ideas can find a ready-made list of research projects which might lead to new products.

The catalogue of potential money-winners was prepared by the Stanford Research Institute, which is ready to go ahead with design once the money is in sight. Projects range from a garden sprayer to a real-time laser interferometry system.

Stanford, which recently cut its ties in Stanford University so it would have more research freedom, calls its programme STEP—Scientific Technological Exploitation Programme. It works this way:

The potential sponsor goes through the list of projects and picks one he likes. Stanford and he agree on the cost of the first year's research and the Institute goes to work. The programme can be renewed at any cost level agreed on.

The Institute takes the project to assure feasibility. The sponsor then can take up manufacture and marketing himself, or take an equity position in a new company to make the product, or sell the accumulated data and technology.

"The STEP Program," the Institute explains, "has been established to find venture capital to support the investigation of innovative scientific and technical ideas that are presently in the conceptual stage. For Institute scientists and engineers, the Program offers the opportunity to demonstrate the validity of new ideas and to create new and useful products. For the investor or investment company, STEP offers the opportunity to invest at the earliest possible stage in advanced research in the engineering, physical and life sciences."

The Institute professes to ensure diversity of risk by collecting several projects into a single package. "Thus the investment is spread over several promising research possibilities rather than being concentrated in one," it explains. "Packages include concepts and ideas having both short-range and long-range potential payoff."

One corporate investor, American Express Investment Management, has already underwritten a programme. However, the Institute did not say what projects are in it.

Most of the projects awaiting sponsorship are pretty high-level technology. The laser interferometer, for example, uses the interference of laser waves to inspect components and show movements under stress of as little as one quarter of a wavelength of light. Another example is a sonic imager, to show conditions by sound waves instead of light images. This is aimed at the medical field since the human body can withstand sound waves better than X-rays.

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WEDNESDAY AUGUST 25 1971

The role of gold

THE reaction of the countries involved to the revaluation package said to be worked out by the IMF is predictable. The Europeans (including the British) and the Japanese all say that the revaluations are too large. The Americans say they are too small. This demonstrates that it is much too early to speak of fixing new parties and that a longer period is required for rates to find their own level in the market. The most important task is to put a time limit on the U.S. surcharge and other protectionist measures, and to prevent retaliation by others.

On the other hand, in suggesting a small increase in the official dollar price of gold, the Fund Managing Director, M. Pierre-Paul Schweitzer, may have a stronger point. For this is something on which all the European countries and Japan could agree, if with varying degrees of enthusiasm; and the proposal even has some covert support in the highest reaches of the Federal Reserve. From the point of view of world trade and economic activity, the exchange rates of currencies against the dollar are much more important than the price of gold. But if a gesture of this kind would encourage the Japanese to accept a substantial revaluation, and for the stronger EEC currencies to allow a major upward float, the gesture would be worth making. For the resulting realignment would make it easier for the U.S. to phase out the surcharge. Moreover, an increase in the gold price would for the moment be an entirely nominal gesture. Presumably there would be no question of the U.S. restoring its commitment to sell gold until there were a sufficient return flow of funds after a successful currency realignment.

Open questions
The main objection to a small increase in the gold price is that it will reduce the chances of demonetising the metal and establishing in its place a man-made paper standard. But one has to ask whether complete demonetisation is in any case a realistic prospect. With official gold reserves worth (at the old official price) over \$40,000m., it is difficult if many countries would be prepared to see them

A boost to trade with China

THE announcement in London yesterday that, after six months of hard talking, China has decided to buy \$20m. worth of British aircraft over the next two years is good news on a number of counts. For one thing, it is obviously gratifying that the buyers from Peking decided in the end to buy in this country. For another, it is evidence, if this is still needed, that the authorities in China are increasingly willing to develop the contacts, commercial as well as diplomatic, that have been made in the wake of the so-called "ping-pong" initiatives towards the West earlier this year.

The change

It could be argued, with no disrespect to the Chinese, that they are now going through a phase in international relations which is comparable in some respects to that which the Russians went through in the late 1950s. That time in Moscow, as elsewhere, saw a beginning to the end of cold war, and doors to the outside world which the Kremlin had resolutely kept closed were slowly opened. In Peking, the authorities now in power have been able to put behind them the fundamental upsets caused by the Cultural Revolution, to bring to an end the long period of self-imposed isolation, and to converse with non-Chinese observers in tones that many observers have found to be surprisingly agreeable.

But this having been said, China still keeps a great deal to itself, only showing the West and trading with the West within the limits that its leaders see to be fit. Much about the country and its economic development remains, and will remain for a long time, unknown. Thus, the Hawker

Breakthrough

This sort of development could very logically occur after the admission—assuming this takes place—of the People's Republic to the United Nations. Membership of this organisation would render China eligible to be considered for membership, in turn, of the International Civil Aviation Organisation, which is a technical agency of the UN. But even assuming China does not join the United Nations and that it does not yet want to start international air links, this week's achievement by Hawker Siddeley is still an important breakthrough. Undoubtedly it will lead to further business in a virtually untapped, but vast, market for other U.K. exporters. A number of sub-contractors will benefit directly from this latest deal, and in aerospace and related fields a number of companies—in Europe, Japan and the U.S.—will be stepping up their sales campaigns as a consequence. Observers throughout the world will be intrigued to see to what extent these campaigns will be allowed to succeed.

Rising prices for scarce metals and modern methods of prospecting have encouraged a reassessment of Britain's mineral potential

Britain's minerals — a fresh look

BY PETER STUBBS

THE £50m. which the Government is currently talking of making available to encourage mineral exploration in Britain is unlikely to turn up many Eldorados or Klondikes. In principle, there is no good reason why big deposits should not occur—deposits, say, of "porphyry" copper, those large volumes of shattered rocks which are shot through with a mere 2 per cent. or less of copper but which are amenable to cheap open-pit working and which now supply half the world's copper.

But nothing of this kind has turned up in Britain although it is one of the most intensively explored areas of the world. Indeed, all of the mines working in the parts of Europe formerly occupied by the Romans were known to the Romans, except those producing alumina and chromium for which the Romans had no use.

However, with its immensely varied geology, Britain is a natural museum of rocks and of the phenomena that affect them. It has strata representing nearly every part of the geological history of the past 600m. years.

Many areas have produced workable ores of a surprising variety, though in general they have been confined to the most extensive kind of ore body—narrow metalliferous veins calling for laborious underground mining. Although there are such deposits as the widespread, low-grade iron ores which occur as thick sedimentary beds in Northamptonshire, and of course coal and salt beds, the various mineralisations have failed to create the types of larger ore bodies of more valuable minerals from which most of the world's supplies are drawn.

New kinds of ores

Nevertheless, modern methods of prospecting by means of geochemistry and geophysics can reveal entirely new kinds of ores as well as ores in new places. One example is the bedded copper ores which have been worked over the past few years in southern Ireland at Gortdrum. Rising prices for scarce metals and the attractions of investing in a politically stable country have combined to make re-evaluation of Britain's mineral potential attractive. What, then, does the geology of Britain's non-ferrous minerals look like?

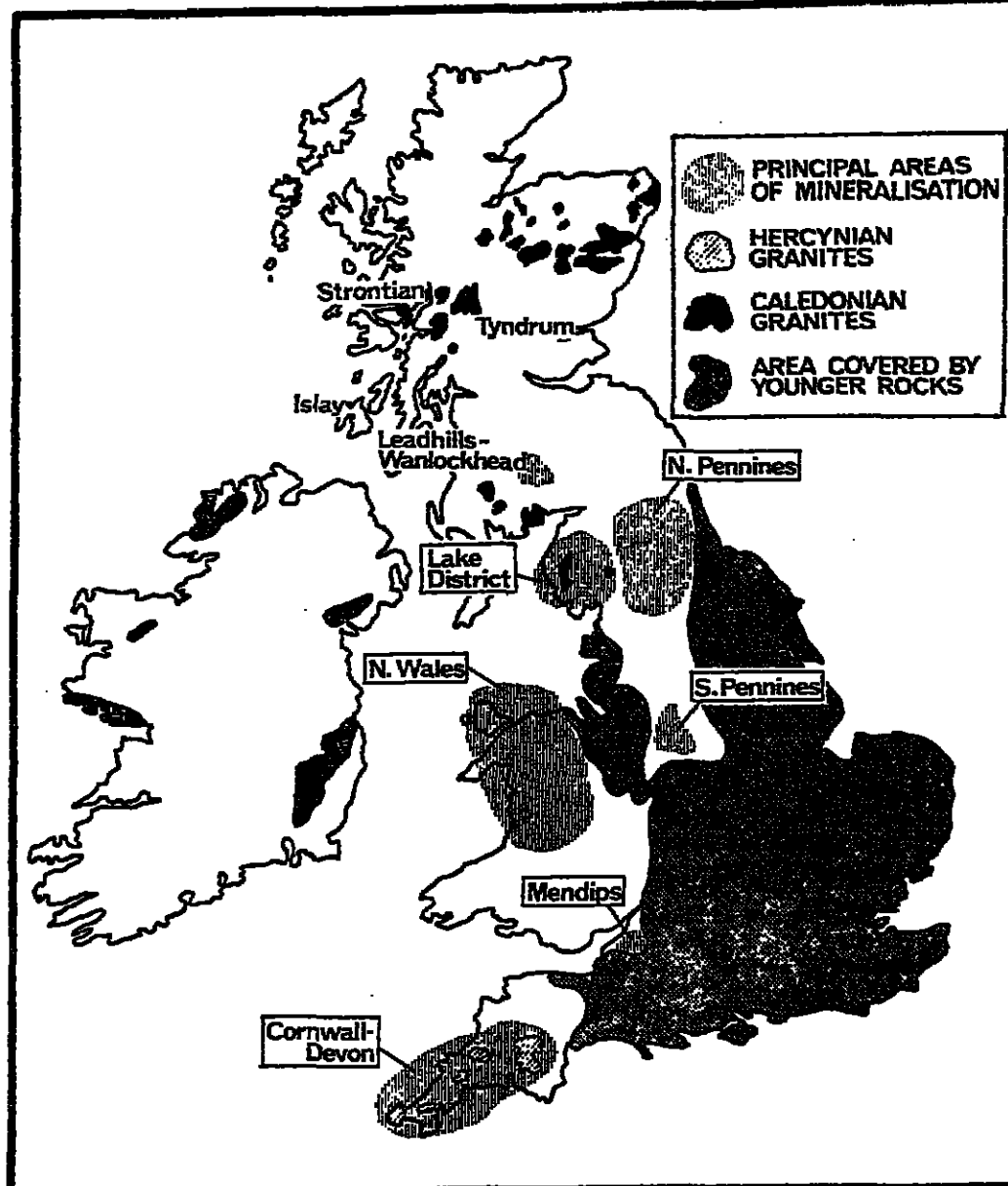
In 1962, a careful dating study using lead isotopes carried out at Oxford University revealed that all Britain's lead and associated minerals were formed during one of six periods—at 440, 360, 320, 280, 220 and 140 million years ago. Of these the last was the least, affecting only parts of Inverness and Moray. That at 220m. years, though its repercussions were felt over an area stretching from the Mendip Hills to Argyllshire, was re-

Five granite masses

As these bodies cool, the molten rock gives up water and gases dissolved in it. At high temperature these emanations act as powerful chemical reagents, supplying one of the principal means by which traces of scarce elements are drawn out of the surrounding rocks and concentrated in fissures to form ore bodies.

This kind of process produced Britain's richest collection of ores, that which is intimately connected with the five big granite masses—Dartmoor, Bodmin Moor, St. Austell, Carnmenellis and Land's End—in Devon and Cornwall. Not that the presence of granites is a necessary prerequisite: hot solutions are the essential factor and igneous activity is only one aspect of a much more important heat-generating process, that of mountain building. Therefore, the two most important phases of Britain's mineralisation, those at 440m. and 280m. years ago, are the direct-product of two vigorous episodes of mountain building which crumpled up parts of Britain during the past 600m. years.

The earlier, or Caledonian, upheaval was the southerly extension into Britain of a zone of crustal compression, lying south-west by north-east, which ran through Scandinavia and whose far end can be traced into the east side of North America. This belt, and the granites associated with it, caused mineralisation in northern Scotland, Ireland, North Wales and parts of the Lake District. The less important mineralisation of 280m. years ago affected a somewhat similar area of Britain and seems to have been a precursor to the second great



mountain-building episode, the Hercynian. This event squashed the parts of northern Europe approximately along an east-west belt. The mineralisation of some 280m. years ago was responsible for the West Country granite emplacements and the important mineralisation of much of the British Isles as far north as the Shetland Isles. Ores attributed to it include those of the northern Pennines and North-East England, Shropshire, Anglesey and parts of eastern Ireland.

Once separate ore minerals have crystallised, secondary chemical action or the weathering away of the worthless containing rock can enrich a deposit in metals. Again, weathering combined with the action of streams can deposit the ore as a sedimentary or "placer" deposit in which small grains are concentrated by natural winnowing processes. Thus the final deposits emerge in a variety of ways dependent on profound earth disturbances and relatively trivial surface agents. Consequently, the search for workable ore deposits is always a matter of very localised probing.

But how about Britain's ores themselves? Historically, the principal non-ferrous metals mined in Britain are tin, lead,

copper and zinc—all minerals which form sulphide ores and tend to occur in association with each other. In fact, around large intrusive bodies like granites they tend to form in zones related to the temperature at which they crystallised from the hydrothermal solution. Tin, and the tungsten which is found with it in Cornwall, lies nearest to the centre of mineralisation; copper comes next, then lead and zinc. Thus as the mineral delves deeper the predominant ore may change from one type to the next.

Tin mined for 3,800 years

Tin has been mined in Cornwall since 1800 B.C. Mining there reached its peak in the 18th and 19th centuries when the list of prizes won from the mines read: tin, copper, lead, zinc, silver, arsenic, antimony, iron and manganese. In smaller amounts were mined tungsten, cobalt, nickel, uranium, barium, fluorapatite, bismuth, molybdenum and gold—an attractive sounding collection.

In 1912 some 70 mines, 45 of them tin mines, were productive. Today only two are working, though a third is to come

into operation later this year. At present the total yield is about 2,000 tons a year. It is very small compared with the huge placer deposits of tin in Malaya and Indonesia, Bolivia and Peru, that supply the bulk of the world's tin. We shall not find anything comparable in the U.K.; but we might nevertheless detect new veins and tin-bearing gravels that will offset part of Britain's £600m. import bill for non-ferrous minerals.

Other areas of Britain, while not matching Cornwall for riches, have in the past yielded profitable quantities chiefly of lead, zinc and copper, with deposits of less valuable barium and fluorapatite. Fluorapatite is still worked to the tune of 190,000 tons per annum in Derbyshire and Durham. Barytes (barium sulphate), mined in Yorkshire and Derbyshire, currently reaches about 17,000 tons annually. Formerly, however, Derbyshire and the northern Pennine regions were noted for the production of lead, with zinc rather less important.

Mines in Cardiganshire produced lead, zinc and copper and may, in fact, still possess considerable reserves at depth. The Mendip mines of former times yielded only poor quality lead and zinc ores. Some copper used

to be won from mines at Alderley Edge, Cheshire. The copper-zinc-lead association characterises the old mines of North Wales; but near Llanollen, where younger ores occurred in limestone comparable to those of Derbyshire, zinc and lead sulphides contained a small amount of silver and, like Derbyshire, occurred with barytes and fluorapatite.

In the Lake District the lead-zinc-copper-barytes mineralisation occurred in three fields, linked with the intrusion of the Skiddaw and Shap granites, and at Buttermere, and included some workable tungsten.

The familiar group of lead and zinc with some copper and barytes is again found at a number of localities in Scotland. Most famous in bygone days were the mines of Leadhills and Wanlockhead on the border of Lanarkshire and Dumfriesshire. The minerals contained silver and a little gold (which also occurred in Sutherland). Other lead-mining areas were Strontian (where the element strontium was first described), Tynndrum, Newton Stewart and the Isle of Islay, which might one day turn out to be important—as late as 1959 one geologist suggested the presence of large hidden sulphide ore bodies replacing the limestones at depth.

Uranium in Scotland

Very little lead, zinc or copper has been worked in Scotland this century. Copper and nickel used to occur at Loch Fyne, and nickel was mined near Newton Stewart. Clarkmannanshire was formerly famous for the Alva silver mine. A rather poor chromium ore was worked earlier this century in Shetland and another in Perthshire, but drilling explorations of the former in 1951 and 1952 failed to prove economic amounts.

It is of interest, too, that although not concentrated enough to be of economic interest, investigation in the 1950s and 1960s established the presence of a variety of uranium minerals in Caithness, at Tynndrum, near Loch Fyne, on the Kirkcubrightshire coast, and in South Harris. Barytes is currently mined in Scotland at Casswater, Argyshire, and Muirshells, Renfrewshire, among other places. These two together net some 30,000 tons per annum.

This, then, is the approximate picture of mineralisation in Britain. Future discoveries are likely to follow the same pattern as do present exploration projects. The latter include new searches for tin in Cornwall, copper, lead and zinc in North Wales, copper in Scotland, and tungsten in Devon and Cornwall.

Dr. Stubbs is a deputy editor of New Scientist.

MEN AND MATTERS

The half per cent of Truman that got away

With the two rival bidders claiming that 931 per cent. of the Truman Hanbury Buxton equity is now committed (nearly 49 to Grand Met. and 45 to Watney) and the old rule of thumb that 5 per cent. of the shares never surface in a bid battle, then a block of half of 1 per cent. of the Truman shares is of no small interest. That block exists. But it could never go to either side. The shares in question are in a trust fund for the two sons of Mr. Mark Buxton, a Truman director who supports Watney. But he can do nothing to commit them to the Watney side. For though one trustee is his sister-in-law, the other trustee is Mr. Roderick Pryor, also a Truman director, but a supporter of Grand Metropolitan. To assign the shares one way or another needs the signatures of both trustees.

Pryor's view, in this ticklish situation is that having taken one line with his own shares, he cannot as a trustee give a different judgment on the children's shares. Buxton, in the galling position of not being able to use "his" shares to influence a battle in which he is deeply committed, says Pryor is "certainly legally 100 per cent. within his rights," and "in the circumstances acting entirely reasonably."

The two men both come from old ruling families of Truman. The trust was set up in 1964. When the pair first realised that they were on opposing sides, Pryor says they agreed that at least the children's interests could not come to much harm "by sticking out to the end." But that was before either could know that the result of the

battle would be so finely balanced. Buxton's only compensation looks like being that the trust, after eight weeks and eight bids, has doubled in value.

Shopping around the banks

An interesting example of the way the unsettled state of the international money market affects the ordinary person comes from New York. The Financial Times office there has had a number of telephone calls from irate Britons complaining about the rate being offered by Barclays DCO, compared with other banks in New York, to people wanting to transfer their dollars back to Britain for personal reasons—for example, because they are moving back to the U.K.

A quick check by Our Man there round the New York banks yesterday morning showed that Barclays DCO was quoting \$2.48 to the £1 for personal medium-sized money transfers. Prices elsewhere were fluctuating, but all the American banks were quoting under \$2.45. European-American Bank, in which Midland Bank is one shareholder, was offering \$2.445. On Monday, apparently, the difference between Barclays and the rest was even greater, and one soon-to-be-repatriated Briton complained that it was only after repeated entreaties on both Monday and Tuesday that he had been able to secure a quote under \$2.50.

One of many other examples is that over the weekend-end at London Airport, another Financial Times man found that National Westminster was quoting 800 Japanese yen to the £1, whereas Barclays this time came out best, quoting 875 yen. Clearly one has to shop around even more carefully these days.

IBM's puffer

Can cigarette smoke damage machines as well as humans? IBM in America is trying to find out, with a special smoking machine which smokes a packet of cigarettes at a time and exhales the smoke all over a computer.

The problem is that the big calculating computers are usually housed in air-conditioned rooms, but process computers are often on factory floors and in warehouses, exposed to polluted air. IBM's smoking machine consists of a battery of perforated plates. Cigarettes are put in the plates and lighted, and a pump draws smoke in through the cigarettes and then expels it towards the computer. Did I hear it cough?

Baths on Charter

After 212 years in business, Carron, the Scottish iron-founders and engineers whose shares are being introduced to the market, has been changing quickly of late. Until 1962 the company (which made guns and shot for Wellington and Nelson, the cylinders for James Watt's steam engine, and the prototypes for Lt-Col Shrapnel) was still operating under a Royal Charter of 1773. This had limitations. The Court of Directors could only meet on certain days, only at appointed hours. This Court could be made up only of men holding ten of the original shares, at par value of £350 each. These shares seldom moved outside four families, which hardly made Carron a career open to talent. Borrowing powers were limited to £25,000, although Carron was

(and is) one of those rare companies with a current account at the Bank of England.

Then in 1962 a new force came on the scene, in the shape of Mr. Henry Carlyle Wilson Bennetts. He had till nine months before been managing director of a rival company, Allied Ironfounders. "There was a palace revolution there. Suddenly all the directors put their hands up and I was out. So I went to Claridges and had a bottle of champagne and felt much better," explains Wilson Bennetts. But after a time on his yacht he felt bored, and Carron offered him the job of chief executive.

Before he would take it, Wilson Bennetts wanted to be able to take an equity stake. It was this which forced the application to the Privy Council for a Subsidiary Charter, which did away with several of the anachronisms and allowed Wilson Bennetts to take his present 15 per cent. stake.

As the only manufacturing company to hold a Royal Charter (most of the others are banks or insurance companies) Carron makes good use of it in publicity. But the munitions side of the business, which originally earned it, died out (apart from the two world wars) about 1820. These days it is mostly baths, basins and sinks.

Fare well

I wonder what response the Portuguese airline will get to its advert in the Sunday Times Magazine last Sunday which said: "TAP Portuguese Airways flies daily from London and other major European cities to Madeira via Lisbon. All flights by TAP's specious jet services."

Observer

Recent experience indicates that maintaining a properly balanced and regulated cash flow within the company is probably the greatest single financial problem confronting British industry today.

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Why Japan is sticking to its guns

BY CHARLES SMITH, Far East Correspondent

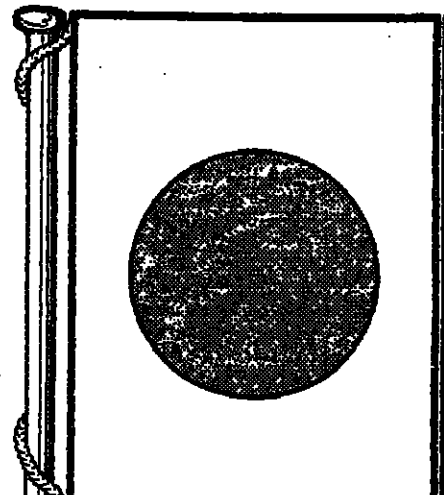
JAPAN HAS emerged, in the eyes of the world, as the villain of the international monetary drama which began last week when President Nixon severed the dollar's link with gold. Japan's refusal to take a decision on yen revaluation despite its huge and rapidly growing foreign exchange reserves sounds like outright selfishness, while the talk in Tokyo of actually retaliating against President Nixon's 10 per cent. surcharge on U.S. imports seems to imply a short-sighted desperation.

Under fire

In reality the Japanese are being neither short-sighted nor desperate; they are behaving as they have always behaved when their currency or any other feature of their economic system, has come under fire from outside. The difference between Japan's hard line over the yen this August and the line it has followed on previous occasions is that, for once, the country risks landing itself in very serious trouble.

About the depth of Japan's conviction on the revaluation issue there can be no doubt. Japan has been obsessed since the very beginning of its "economic miracle" with the need to maximise exports so as to pay for the vast quantities of imported raw materials needed to fuel its industrial development. It sees the exchange rate as being crucial to the export drive, and as the foundation for the elaborate projections which are a feature of Japanese economic planning. Last but not least, the yen, at the present parity of 360 to the dollar, is a symbol of Japan's jealously guarded autonomy.

It is true that the extent of this autonomy is limited. The conservative leaders in Tokyo long ago made themselves the political disciples of Washington and Japan has been content to remain wholly dependent for



Premier Eisaku Sato of Japan, and the scene on the Tokyo Stock Exchange during hectic dealings earlier this week.

its security on American military power. But the economy has remained an exclusively Japanese preserve, guarded by an array of controls which probably has no equal in any other highly developed nation. For Japan to bow to international pressure by revaluing the yen, or—worse still—in the eyes of the Japanese leadership—by allowing it to float, would be to surrender the independence which is regarded as a key to the country's success.

If these are the underlying motives for Japan's resistance, the leadership in Tokyo can find plenty of arguments against revaluing at the present time. During the past year or so Japan's economy has been passing through what is locally regarded as a recession (in other words, it has been growing at about 5 per cent. a year instead of the usual 10-12 per cent.) and there is no possible doubt that its return to "normality" would be slowed down by any increase in the value of the yen.

The Japanese can press this point further by claiming that, in the short term at least, the recovery of their economy would

be in international interests as well as their own. It would mean more domestic demand for Japanese products and less pressure to export. This in turn would slow down the appallingly rapid growth of Japan's foreign exchange reserves. The reserves reached \$11,000m. last week and could well exceed West Germany's before the end of 1971, to become the world's biggest.

Big losses

Another favourite Japanese argument against revaluing now is that an upward revision of the exchange rate would mean losses of hundreds of millions of dollars for industries such as shipbuilding which have traditionally priced their exports in dollars. (The shipbuilders have hinted that they might actually sue the Government for compensation against the effects of revaluation.) Finally there is a problem of the island of Okinawa, which is due to be handed back to Japan next year by the U.S.

One change involved in the transfer of sovereignty will be the island's conversion from a dollar to a yen economy. The Japanese argue that this move

could have disastrous political consequences if the Okinawans find their dollars have depreciated against the yen only a few months before they are due to be exchanged.

Whatever the validity of such arguments in the eyes of the outside world, the Japanese certainly have the power to make them stick. The country's system of foreign exchange controls, reportedly one of the most elaborate and strictly administered in the world, provides an almost totally fool-proof barrier against foreign speculation.

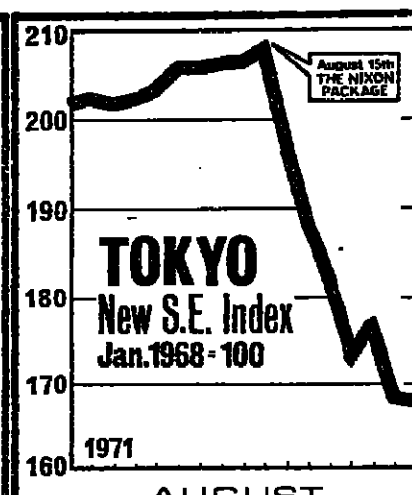
The effectiveness of the system was convincingly demonstrated last week when the Bank of Japan detected a single tiny loophole which had been exploited by some of Japan's own domestic banks and was able to force the banks concerned to repurchase the dollars which they had illegitimately sold on the Tokyo foreign exchange market. If the Bank of Japan maintains its vigilance the country can remain permanently insulated from any kind of international monetary pressure other than that represented by its own massive foreign exchange earnings. But it can-

not insulate itself from political pressure. It is this which has been making some Japanese officials have private second thoughts.

The main source of that pressure, of course, is the U.S. and it is precisely because President Nixon has now taken drastic action that the Japanese are at last beginning to take the Americans seriously. The U.S. import surcharge, if it continues in its present form, even for a matter of months, is liable to do very serious damage to Japan's export performance in the American market, which is not only the country's biggest but also one of the most buoyant.

Squabble

Japan's leading exporters, including its steel producers and its motor manufacturers whose American sales have almost doubled since 1970, would be hard pressed to find new markets if they found their shipments to the West Coast of the U.S. seriously impeded: the fact that some motor manufacturers have been talking seriously about a sales campaign in Eastern Europe shows just how grave their situation could be.



all that the Americans want of them. The initial Japanese package, which was rumoured to have been in the luggage of Mr. Kashiwagi when he left Tokyo last week, consisted of a 5 per cent. revaluation plus the introduction of a new 3 per cent. "band" which would have permitted the yen to rise to 8 per cent. above its present parity. The Japanese move was obviously designed to pre-empt any talk of floating the yen, which is regarded with even more horror in Tokyo than revaluation itself.

Initiative

There is little doubt that Washington wants more than a 10 per cent. revaluation as the price for surrendering the initiative to Tokyo in the monetary battle between the two capitals. U.S. officials have spoken in the past of a 20 per cent. adjustment as being the least which, in their view, would produce any real impact on Japanese exports. At the same time, the Americans would rather see the yen float than agree to a limited revaluation in the knowledge that all to-day's battles would have to be fought against next time the yen is undervalued.

The result of this clash of viewpoints is liable to be deadlock—at least for the time being. Japan will not simply give in to American demands and the U.S. will not compromise with the Japanese so long as there is any chance of effective European support for the American position. Yet if this is the short-term prospect, it is equally obvious that there must ultimately be a showdown—a settlement, which will require very substantial Japanese concessions. The price of peace may look high to the Japanese leaders who have become accustomed to their own way in running the country's economy. But the alternative could spell disaster.

Labour News

White-collar men go back at Port Talbot

BY ALEX HENDRY, LABOUR REPORTER

THE unofficial strike by 2,000 white-collar workers which threatened to shut the Port Talbot steelworks was called off yesterday. The strikers are expected to return to work to-day. But the threat of a national strike by 15,000 blastfurnacemen still hangs over the British Steel Corporation. Their strike is due to begin on September 5—in 12 days—unless some agreement can be reached on their pay claim. The executive of the National Union of Blastfurnacemen meets in London on Friday to discuss its strike plans. It will also draw up safety procedures for the damping-down of the furnaces. If this is not done correctly, it can be a serious hazard to other workers and could damage the furnaces which take two months or more to bring back into production. The Port Talbot strikers, who had been warned that the plant would be shut by to-morrow if they did not go back to work,

took only 20 minutes to decide to end their eight-day-old strike. They came out in support of a claim for an 8 per cent. pay increase. The claim will now go to a national joint committee for further negotiation. If it fails to reach agreement, the next step in the agreed procedure would be arbitration. The blastfurnacemen, who struck for four days in June and cut steel production by half, are asking for £2 a week more across the board and an extra 50p on premium payments. This is more than the recent settlements for other hourly-paid workers. Mr. Hector Smith, general secretary of the NUB, said last month, after his executive's unanimous decision to strike on September 5, that they would not be prepared to take part in any further pay talks with the BSC unless they were assured of a better offer.

New print pay talks

BY ALEX HENDRY, LABOUR REPORTER

PRINT union leaders are to meet the Newspaper Publishers Association this week to discuss a "new form" of pay offer for 16,000 Fleet Street printing workers. The NPA had offered an increase of £1 a week on basic rates and consolidation of the existing £1.10 a week cost-of-living bonus. Two of the major unions, the National Graphical Association and the National Society of Operative Printers and Assistants, rejected it. Natsopa asked for a further increase of £1, to give a £2 a week increase on basic rates. The NGA wanted a percentage increase so that their differentials over other print workers would not be decreased.

The NGA last week instructed its chapel (branch) fathers on the contingency plans it had drawn up. These would have been put into effect if the NPA had not offered further negotiations. Mr. Joe Wade, assistant general secretary of the NGA, said yesterday: "We want a percentage increase for two reasons. A flat rate increase would mean everyone would get the same and this would narrow the differentials. There would be wide variations between each office if a flat rate increase were negotiated at national level. This is because of the different ways it would be applied to the comprehensive agreements with each office."

Natwest advances pensions

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE National Westminster Bank is introducing an early retirement scheme which will reduce the size of its staff to match the reduction of its branch network following the merger of the National Provincial and Westminster Banks. There have been consultations with the staff association and the National Union of Bank Employees who have given their assent to the scheme, which will operate on a voluntary basis. Some 500 staff will be given the opportunity to leave over the next five years and those who do will get their pensions immediately and also a lump sum, the size of which will depend on length of service. An officer who has been with the bank for more than 25 years would receive four

months' salary for every uncompleted year up to normal retirement age. **NEW POLL FOR SCOTTISH EPTU POST** THE executive of the Electrical and Plumbing Trades Union has ordered a new election for the executive seat in its Scottish division following allegations of irregularities. Mr. William Blairford, the sitting member, was defeated by about 600 votes by Mr. Charles Montgomery, a left winger, in the first election last June. This has now been declared invalid by the executive. More Labour News on Page 11

Post Office to retain parcels service—Ryland

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

FIRM proposals for important changes in Britain's postal service will be put to consumer interests and Post Office staff representatives within the next few weeks. But the parcels service, considered as a possible candidate for "hiving-off," will be retained by the PO.

This pledge was given by Mr. Bill Ryland, the Post Office chairman, yesterday, and he said that he wanted to put an end to speculation that the service might be abandoned as unprofitable. "We have been in the parcels business for 100 years and we are going to stay in it, giving a service from anywhere to anywhere every day at a fair price," Mr. Ryland emphasised.

"But we are looking at it to see if we can change it in any way which would help to meet our customers' needs better." Mr. Ryland said that the Post Office intended to cut out and slim down services which it felt the customer did not want, but did not aim to truncate or deplete services purely for the sake of economy.

Apart from parcels there has also been speculation that P.O. might decide to end second deliveries, except in the main commercial centres, and reduce opening hours at some post offices, particularly on Saturday afternoons.

Reductions in the postal business labour force might also be achieved through the use of

more part-time labour, it has been suggested.

Mr. Ryland accepted yesterday that the Post Office wanted to economise, to the extent that jobs could be done as efficiently as possible. But it also wanted services to grow, he said. "What we have to do is give a first class post service and a first class telephone service, both looking after their own needs," he said.

This would not be helped by giving some parts of the Post Office assistance at the expense of others, he maintained—an obvious response to suggestions that the profit-making telecommunications service should be used to cross-subsidise heavy losses on the postal side of the P.O.'s operation.

Deadline for agreement on RB-211 extended two weeks

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British Government has agreed to an extension to September 8 of the time limit for completion of contractual arrangements on the Rolls-Royce RB-211 engine by Lockheed Aircraft Corporation of the U.S. This was confirmed by the Department of Trade and Industry which said yesterday that this extension would allow Lockheed time to negotiate final terms with airline customers for the TriStar for the U.S. Administration to complete arrangements for the loan guarantee to Lockheed.

The terms of continued U.K. Government support for the RB-211, currently running at around £2m a week, require settlement of both those matters. Originally, the deadline was August 8, but this was extended to August 24. The deadline has always been regarded as flexible, as long as the implementation of the Congressionally-approved loan guarantee to Lockheed has its

first meeting in Washington to-day and is expected to start work quickly so as to ensure that Lockheed is not delayed further in its talks with airlines and banks. A Lockheed spokesman in London yesterday indicated that, so far as was known, the discussions with the airlines had been going well in the past week or so and there seemed to be no reason to suppose that the new deadline of September 8 should not now be met.

If it is, it will round out a saga of over seven months in which Lockheed, under its chairman, Mr. Dan Haughton, has been fighting not only for the continuation of the TriStar but also for its own survival. In that time, the one factor that has amazed many in the aerospace industries and Governments on both sides of the Atlantic has been Mr. Haughton's immense stamina.

well be the major issue in the campaign. The Conservative candidate, Mr. Nicholas Winter-ton, has in the past spoken against British entry, but it is understood he is now coming round in favour. In any case, the Government's propaganda campaign will be in full swing prior to the Commons debate, and Ministers will turn up at Macclesfield in force. The Labour candidate, Mrs. Diana Jeuda, is strongly anti-Market. The by-election is caused by Sir Arthur Vere Harvey becoming a life peer. At the General Election he had a majority of over 10,000, and Labour would require a swing of 9.5 per cent. to capture the seat.

Concorde resumes trials

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British-assembled Concorde for modifications and examination, flew over the Bay of Biscay on a "shake-down" mission, designed to ensure that all the modifications functioned correctly.

The aircraft, which has been on the ground for several weeks

for modifications and examination, flew over the Bay of Biscay on a "shake-down" mission, designed to ensure that all the modifications functioned correctly. During the flight, the aircraft reached a speed of Mach 2.03, or more than 1,300 mph.

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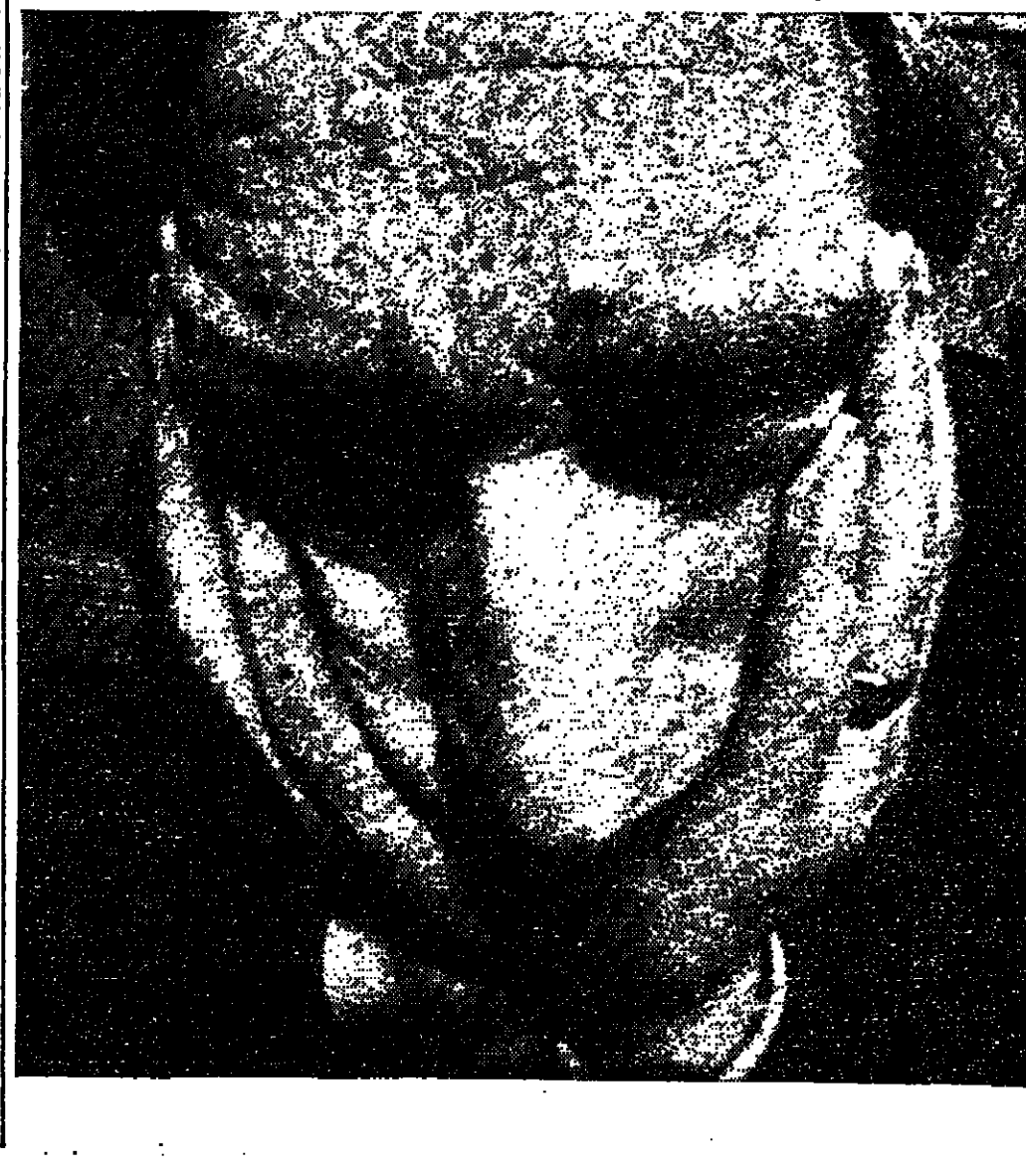
involved in the project. In the case of the power station extension for Arthur Guinness in Dublin, British Engine checked items and assemblies from over 100 manufacturers.

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BIDS AND DEALS

Fordath backs £3m. counter offer by Hepworth Ceramic

THREE WEEKS after announcing an interest-free £2m. loan to Minsep, the Fordath foundry and engineering group yesterday announced the directors had switched to recommending a £3m. offer from Hepworth Ceramic Holdings.

The all-share offer from Hepworth is worth about 185p for each Fordath Ordinary compared with the 161p which the Fosco terms were worth.

Hepworth said it would not go ahead with the offer unless the Fordath directors recommended the offer in respect of their holdings representing more than 50 per cent. of the capital.

This was made clear to Fosco and its advisers by Mr. J. H. Schrodter, who decided to withdraw from the scene. Relations between Fosco and Fordath remain friendly, but the two companies are unlikely to be affected by the situation.

The market welcomed Fosco's withdrawal by putting the price up 11p to 142p.

In a joint announcement yesterday, Hepworth and Fordath maintained an important activity of Fordath is the manufacture of resins required for bonding sand to form the moulds and cores used in foundries. It also manufactures certain foundry consumables made from resin and sand, the resin ingredient being provided from its own production, and designs and manufactures specialised equipment required by foundries for the preparation and handling of resin-bonded sand.

British Industrial Sand, the industrial sand division of Hepworth, is the largest supplier of sand used in British foundry and resin-coated sands are an important part of its sales.

The directors of Hepworth and Fordath are of the opinion that the combination of British Industrial Sand with Fordath will result in the provision of a more efficient and comprehensive service being available to their respective customers in the foundry industry, the statement added.

The offer to be made on behalf of Hepworth by J. Henry Schrodter was of 14 Hepworth Ordinary Shares (last night down 3p at 88p) for every five Fordath shares, which rose 36p to 180p after the news.

In the negotiations, Fordath was advised by John Prust.

EAST KILBRIDE PROFITS ESTIMATE

According to accounts about to be audited, East Kilbride Dairy Farmers pre-tax profit for the year to March 31, 1971, was about £180,000 compared with £142,884 for 1970.

Giving this news in a letter accompanying the formal offer from Express Dairy Company, the Grand Metropolitan Hotel subsidiary, East Kilbride chairman Mr. J. Cole-Hamilton states: "While the directors are confident about future prospects of the group as an independent entity, they consider that profit growth in the next few years is unlikely to be at a faster rate than in previous years and could in fact be slower."

Mr. Cole-Hamilton reveals East Kilbride took advice from chartered surveyors Kenneth Ryden and Partners about the group properties and the surveyors formed the view that the group property portfolio is unlikely to be materially different in value than from that shown in the balance sheet.

Closing date for the offer is September 14.

MALAYA GENERAL

Malaya General is forecasting a profit before tax of not less than £120,000 for the year to October 31, 1971, compared with £233,000 previously. The Board intends to pay a dividend of 12½ per cent. (17½ per cent.).

These forecasts are included in a letter to shareholders from the chairman Mr. W. E. Catto, accompanied by the circular relating to the acquisition by Malaya of Yule, Catto, Mr. Catto

points out that the setback was foreseen in the last annual report, and is due to a fall in the market price of rubber combined with the ending of certain advantageous forward contracts.

In the year to end-June, 1971, Yule Catto, a private company, made a profit before tax of £125,000, of which £40,000 was in dividend income from Malaya General.

Once the merger with Yule Catto is accomplished, the Board of Malaya proposes to change the name of the group to Yule Catto.

Full particulars of the enlarged group will be anticipated in due course, and it is anticipated that the share price of Malaya General, suspended at the request of the company, will be restored on October 7.

WIGHAM RICHARDSON

Terms for the acquisition by Slater Walker Securities of Wigham-Richardson and Bewington have been amended since the deal was originally announced, but the value of the offer at some £1m.

Instead of shares and cash, the terms are now 28 SWS shares and 5 warrants to subscribe for SWS Ordinary shares for every 70 Wigham-Richardson shares.

This is disclosed in the offer documents which have now been sent out by Slater Walker. There has been a change in the merchant bankers Joseph Sebag for the warrants forming part of the SWS terms at 140p a warrant.

The cash bid closes on September 14, as does the SWS offer, and it will not be extended.

The directors of Wigham are to accept the SWS offer in respect of 70 per cent. of their total holdings. In addition, they (advised by S. G. Warburg) recommend shareholders to accept.

Details of 30,000 SWS to sell its insurance broking subsidiary, Walker Young and Co., to Wigham are also given. This deal is subject to the SWS bid for Wigham going ahead.

Wigham will acquire Walker and 1,000 Drakes units at 216p.

Edward Bates sold on behalf of associates—10,000 United Scientific Holdings at 63p.

Rouven Swanwick bought for Street Group 20,000 Blunet at 99p and sold 400 at 99p for investment clients.

J. Henry Schrodter sold on behalf of Tate and Lyle private funds, being associates of Tate and Lyle—20,000 Tate and Lyle at 146p.

Pannure Gordon bought on behalf of associates of Sterling Guaranty Trust—5,000 Wharf Holdings at 27½p.

S. G. Warburg sold on behalf of an investment client, 5,000 Canard at 206p.

SEAFIELD AMALGAMATED

Shareholders in Seafeld Amalgamated Rubber are again urged not to take any action in respect of the offer by Sime Darby Holdings.

In a statement yesterday, Mr. A. H. Marshall, chairman of Seafeld, said that the documents sent out by Sime Darby over the week-end have been considered and that a further communication would be sent out to shareholders as soon as possible.

The directors of Seafeld have already dismissed Sime's terms as inadequate.

BROWN BROS.

The offer on behalf of Brown Brothers and Albany for the Preference capital of Brown Brothers has been declared unconditional.

Acceptances (totaling 172,591 shares, representing 77 per cent. of the capital) have been received. The offer will remain open until October 5.

MONTEFORT

Mr. G. H. Sexton, chairman of Montefort (Kaituma Mills), says he has every confidence that his profit forecast for 1971 will be achieved and even exceeded.

In addition, budgets for 1972 and the two subsequent years, when full benefits of the current expansion programme are realised, indicate that profits "will continue to rise as they have done since 1967."

His statement follows the abortive bid by Seafeld Amalgamated for the company, which has just lapsed.

Young by the allotment to SWS of 124m. shares which, on the basis of Wigham's shares being valued at 220p by the SWS offer, puts a value on the deal of £2.74m. This would give SWS a 22 per cent. stake in the increased Wigham capital.

SW TO BID FOR ARGYLE SEC.

Slater Walker is to make an offer in due course for outstanding shares in Argyle Securities, the property investment and development group, having already acquired a 41.6 per cent. stake from Scottish Homes Investment Company at 60p a share.

Argyle yesterday announced that its share price remains the same. Rumours of a bid for Argyle were caught up in the price. The Argyle shares were marked up 36p to 100p at one time and just prior to SWS's announcement they stood at 90p. News of the proposed bid saw the price fall to 75p for an 11p gain on the day.

In its statement, SW said that it had purchased 2m. Ordinary shares of Argyle from Scottish Homes and that it had undertaken to purchase the remaining 8m. shares at the same price.

At 80p, Argyle is capitalised at nearly £2.9m.

BRYANSTON ACQUISITIONS

Bryanston Finance has agreed to acquire M. Bolton and Co., of East London, die-sinkers and makers of precision castings.

The company, which has a turnover of £153,000 cash, payable December 31, 1972.

Audited pre-tax profits for the 12 months to June 30, 1971, were £13,314 and £24,667 for Bolton and Lion respectively.

MORE BACKING FOR EDGER

Mr. Gabriel Harrison's Amalgamated Investments and Property Company has received another boost in respect of its bid for Edger Investments.

This time it is from Development Securities, in which the McAlpine family has a large holding and which owns 33.7 per cent. of the Edger capital.

The directors of Development Securities have considered the AIP offer and have no hesitation in recommending the offer in respect of the company's holding.

AIP has made two offers for Edger and both have been dismissed as unacceptable. And in the meantime Edger has had a takeover valuation carried out to back up its case.

BROOKS VENTILATION

Brooks Ventilation Units has purchased from Crown House its subsidiary, RCM Equipment, of Wembley, designers, manufacturers and distributors of air distribution and filtration equipment, for £130,000 cash, of which £144,784 was in repayment of the parent company loan and the balance the purchase consideration for the capital.

The tangible assets of RCM Equipment group at March 31, 1971, amounted to £180,050. Results for 1970-71 showed a loss of £30,672 after group management charges of £2,000. Brooks expects that RCM Equipment will achieve a profit of at least £25,000, before taxation, for the year to March 31, 1972.

DELTA CONTROLS

The offer on behalf of Concentric for Delta Controls has been accepted in respect of over 90 per cent. and is now unconditional. It will remain open until further notice.

RAWLINGS

At the extraordinary meeting of Rawlings shareholders approved the acquisition of certain subsidiary companies of Rawlings. The acquisition has now been completed.

Rentokil profit upsurge: interim raised

THE INTERNATIONAL pest control and wood preservation group, Rentokil Group, is lifting its interim from 8½ to 9 per cent. on pre-tax profit for the six months ended June 30, 1971, increased 40 per cent. to £1,505,000.

The directors say trading prospects for the second half are promising and intend to pay an increased final dividend.

For 1970 a final of 11½ per cent. made a 20 per cent. total, on £2,668,000 pre-tax profit.

First half U.K. profits were £1,089,000 (£775,000) and overseas subsidiaries profits were £416,000 (£230,000).

Group turnover increased to £8,431,000 (£5,671,000), of which the U.K. companies produced sales at home and abroad of £5,486,000 (£4,428,000). Turnover of the overseas subsidiaries was £2,945,000 (£1,243,000).

Chairman is Mr. P. L. Burgin. See Lex

Thos. Marshall looks for bigger profit

In respect of the current year, results so far of Thomas Marshall Investments are up to expectations and the chairman, Mr. T. D. Marshall, is hoping for a material increase in group profits, in which event, he says, dividends totalling 30 per cent. for the year to March 31, 1972, would be recommended.

As reported on June 26, pre-tax profits for the 15 months to March 31, 1971, including 12 months of the acquired E. Raffles and Co. was £221,182 against a forecast £180,000 and £235,213 for the 12 months in 1969. The dividend was 31.25 per cent.—in the previous 12 months it was an equivalent 20.83 per cent.

The Board consider the results to be satisfactory, "particularly in view of the difficulties as regards cost increases which we have had to face in common with the majority of British companies," Mr. Parr adds.

Although it is too early to judge whether the poor economic environment and others will succeed in reducing those problems which are outside the group's control, the directors are in the meantime, constantly reviewing manufacturing methods and other operations in order to obtain an improved rate of profitability from the substantially higher level of turnover attained during the last three years.

Meeting, Manchester, September 17 at noon.

Dene Shipping on target

Dene Shipping (controlled by Shipways Group Limited) has reported a group pre-tax profit of £672,379 to £1,114,756 for the year to March 31, 1971.

The directors of Development Securities have considered the AIP offer and have no hesitation in recommending the offer in respect of the company's holding.

AIP has made two offers for Edger and both have been dismissed as unacceptable. And in the meantime Edger has had a takeover valuation carried out to back up its case.

BROOKS VENTILATION

Brooks Ventilation Units has purchased from Crown House its subsidiary, RCM Equipment, of Wembley, designers, manufacturers and distributors of air distribution and filtration equipment, for £130,000 cash, of which £144,784 was in repayment of the parent company loan and the balance the purchase consideration for the capital.

The tangible assets of RCM Equipment group at March 31, 1971, amounted to £180,050. Results for 1970-71 showed a loss of £30,672 after group management charges of £2,000. Brooks expects that RCM Equipment will achieve a profit of at least £25,000, before taxation, for the year to March 31, 1972.

DELTA CONTROLS

The offer on behalf of Concentric for Delta Controls has been accepted in respect of over 90 per cent. and is now unconditional. It will remain open until further notice.

RAWLINGS

At the extraordinary meeting of Rawlings shareholders approved the acquisition of certain subsidiary companies of Rawlings. The acquisition has now been completed.

1970, after depreciation 5682,971 (£548,729) and interest paid £139,018 (£58,085). A pre-tax profit of £1.1m. was estimated. Tax requires £319,019 (£19,123), leaving a net profit of £793,737 (£863,458). Dividends paid absorbed £222,487 (£228,583), and profit retained in reserves was £570,250 (£232,781).

New Guinea Development Company acquired in 1971. Eastern Produce has a wide geographical spread of assets including considerable tea estates in Ceylon and Kenya. In Malawi it is the principal manager of British tea estates and has acquired control of Bandanga Holdings, a tea producer. In India the group has a substantial holding in Melwood Russell, a well established agency house and owner of tea estates. In Malaysia the group has 15 per cent. of Plantation Holdings, a leading producer of rubber and palm oil. The group owns 20 per cent. of Duncan Fox and Co. Ralli International recently made a successful offer for the capital of Duncan Fox and the Board of Eastern Produce decided to accept that offer.

Following reorganisation, a small number of shares in the current year in Ceylon. But the value of the company's Ceylon estates has been written down to £1. The diverse holdings of the group, such as British Traders and Shippers Ltd., are providing increasingly valuable contribution to profits. The acquisition of 20 per cent. in Melwood Russell, a well established agency house and owner of tea estates. In Malaysia the group has 15 per cent. of Plantation Holdings, a leading producer of rubber and palm oil. The group owns 20 per cent. of Duncan Fox and Co. Ralli International recently made a successful offer for the capital of Duncan Fox and the Board of Eastern Produce decided to accept that offer.

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Brown Bros. Albany progress

ON AN increased turnover of £21,47m, against £20,34m, first half group pre-tax profit of Brown Brothers and Albany increased from £244,000 to £281,000.

The interim dividend is stepped up from 4 to 6 per cent. not only reflecting the improved results but also to reduce disparity. A total of 17½ per cent. was paid for 1970 from a profit of £1,574,108.

The increase in profits was spread over most companies within the group. Although costs generally continue to rise there has been, in recent months, a severe pruning of expenditure, which has fully contained the rising level of costs during the remainder of this year, says chairman, Mr. J. D. Robinson.

The year to date continues to show a satisfactory increase in sales and he looks forward to a year end result which will reflect continued progress of the group.

Principal activities are distribution of motor accessories and components, electrical goods and hardware to motor, radio, etc. trades.

See Lex

Eastern Produce

Eastern Produce (Holdings) pre-tax profit for 1970 increased from £239,193 to £291,410 for 1970 and the directors look forward "to a very successful year in 1971."

A final dividend of 10 per cent. is forecast for the current year, making 17½ per cent. on increased capital, against 15 per cent. for 1970.

The 1970 profit does not include a non-recurring loss of £101,127 incurred in Ceylon. Although showing a substantial increase over 1969 the figures understate the group's earning power, the directors state.

Full benefit from the acquisition of High Income Trust and Tame Valley Development is not included. Nor has any contribution been included from the Brit.

Chairman's Statement Page 5

SENNAH RETURNS WITH 4%

After an absence of eight years, Sennah Rubber is returning to the dividend list with a 4 per cent. payment for 1970.

Pre-tax profit has advanced from £11,087 to £24,034. Tax takes £2,717 (£2,841) leaving a net profit of £20,370 compared with £7,246.

Chairman's Statement Page 5

RECORD TURNOVER and Exports up 33%

The seventeenth Annual General Meeting of Dowty Group Limited will be held at 11 a.m. on September 16th at Arle Court, Cheltenham.

The following is an extract from the Chairman's statement:

The profit forecast made in my interim statement in February has been met. With full order books our prospects are good for sustained growth over the next few years.

There has been an escalation of one third in exports which now account for 25% of our turnover. Exports to E.E.C. countries have increased by 33%.

The great merit of our Group lies in its wide diversification. For the first time in our history aviation equipment sales account for less than half of our total turnover.

A further escalation in wages, amounting to 14% in the year, has forced up prices and could affect our competitive position. To counteract this we continually search for better economy but this unfortunately, sometimes gives rise to redundancies.

Financial

Turnover reached a new level of £52.5 million and profits before interest and tax at £5,493,000 were the highest ever recorded. After deducting interest charges of £450,000 profits before tax at £5,043,000 reached the forecast.

Issued and fully paid:
£1.050.000

J. & A. SCRIMGEOUR LIMITED
and
BELL, LAWRIE, ROBERTSON & CO.

REGISTRAR AND TRANSFER OFFICE
THE ROYAL BANK OF SCOTLAND LIMITED, 36, St. Andrew Square, Edinburgh, EH2 2YB.

above, the Board Resolution of 20th August, 1971 relating to the emoluments of the Directors of Canon, the consents related to above and the Statement of Adjustments made by Whitney Murray & Co. in arriving at the profits and net tangible assets of the Company included in their Report, a summary of the valuation of James Barr & Son and the valuation of Knight Frank & Pustley, 20th August, 1971.

ALL

Geest bananas are produced by the Windward Islands

Almost 50% of the total British banana imports are now supplied by The Windward Islands. This amounts to over 175,000 tons per year.

GEEST

who have their own banana estates, have, through working in close co-operation with all the other Growers in the Windward Islands achieved this magnificent production record.

GEEST

transport the total production of Windward Island bananas in their fleet of fast, refrigerated ships operated by The Geest Line.

GEEST

have established a chain of the most modern ripening centres throughout Great Britain where all the bananas are ripened under carefully controlled conditions.

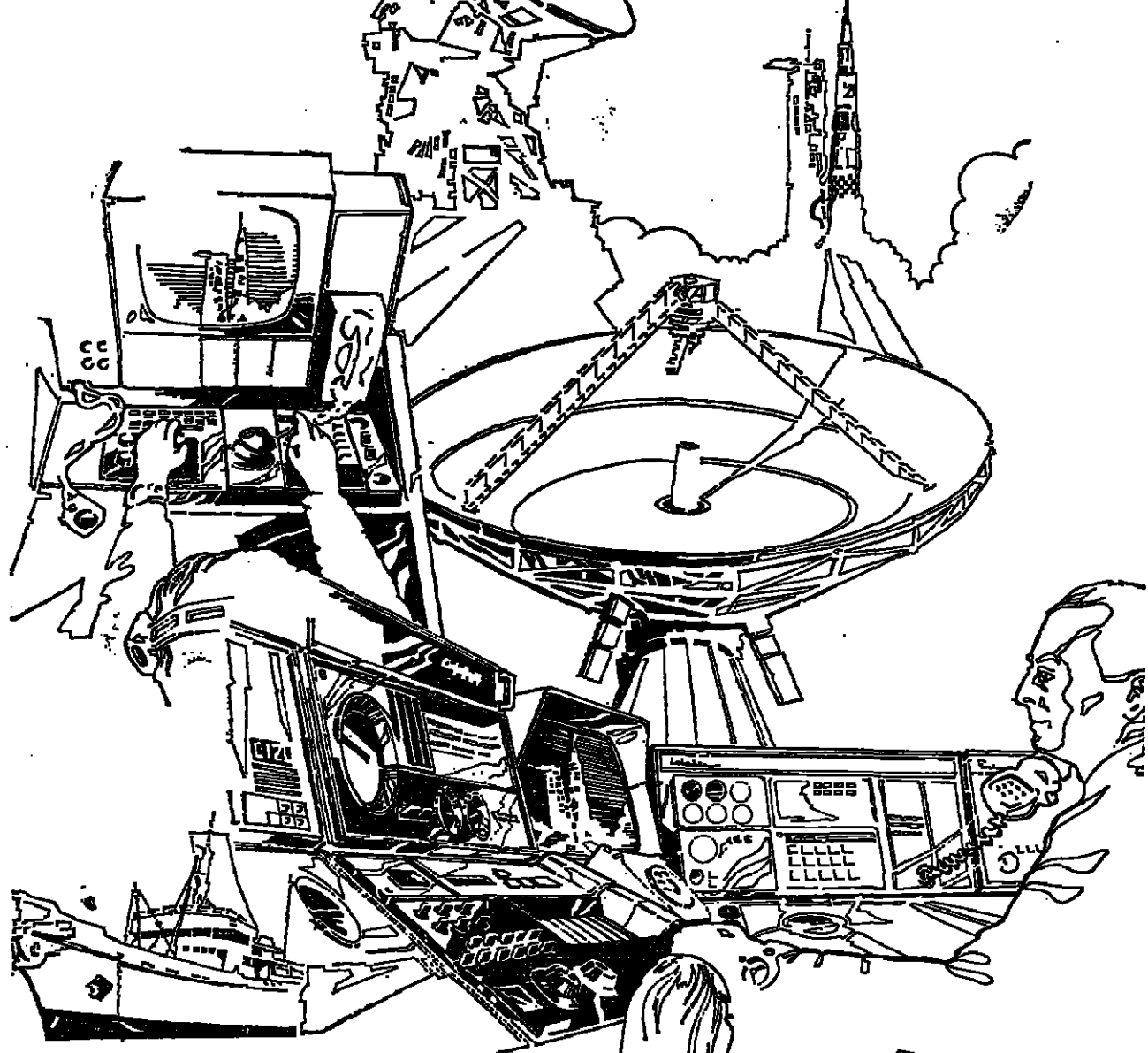
GEEST

have the most efficient banana distribution system in Great Britain.

GEEST INDUSTRIES LTD SPALDING, LINCOLNSHIRE

The largest distributive organisation in the United Kingdom for fresh fruits, vegetables and other horticultural produce.

A small but beautiful world centre.



There are a number of places called Grenada.

This one is an island, famous for its natural beauty. It hit the world headlines when one of its citizens, Miss Jennifer Hosten, became Miss World 1970. You can't miss it. Left hand down a bit as you approach the Caribbean.

Among the island's attractions for business men is something not so much plain beautiful as beautifully plain—the communications services offered by Cable and Wireless. International telephone, telegraph and telex. None of it will increase your pulse rate—but it could very well help to increase your business rating.

It's just one more facet in our reliable world-wide communications service. Loyal. Efficient. Comprehensive. In every climate. To help make your life easier.

CABLE AND WIRELESS
Mercury House, Theobalds Road,
London WC1X 8BX
Telephone: 01-242 4433
Cable and Wireless (W.L.) Ltd.,
Mercury House, The Carenage, St. George's, Grenada.

Grenada

FINANCIAL TIMES SURVEY

This survey was written by DAVID LASCELLES

New investment essential for self-sufficiency

When last year's Black Power riots in Trinidad threatened to spread to Grenada, Premier Eric Gairy went on the radio and reminded the people: "You already have Black Power. Our Governor is black, our Premier is black, our Chief Justice is black and our Bishop is black." This blunt logic, with the help of a few hired strongmen, spared Grenada from serious trouble. As Mr. Gairy put it later: "When your neighbour's house is on fire, keep wetting your own."

Grenada, with its reputation for turbulence, needs firm leadership, particularly now that its inhabitants are growing increasingly frustrated by their colonial legacy and by the economic obstacles that bar the road to self-sufficiency.

Grenada has a double colonial tradition. The French, who arrived first, left names like Grand Etang and Lance aux Epines and bequeathed the Roman Catholic faith to the majority of the islanders. But it was the British who introduced nutmegs and laid the basis for the spice industry for which Grenada is now famous and on which it largely depends for export earnings.

A surprising amount of brochure verbiage about aromatic cinnamon groves and dusky beauties is true. But the more important truth behind the much flaunted spice isle

image is that agriculture is primitive, insecure and hated as a relic of slavery. Wages are pitifully low, techniques backward, and the prospects for improvement poor while the industry remains dependent on world commodity prices over which Grenada has little influence, particularly in so far as cocoa and bananas are concerned.

The will to disown agriculture has resulted in the flight of labour from the land into the towns in search of respectable work driving taxis, serving the flourishing tourist industry and manning Grenada's few factories.

But this flight has put the Government in a dilemma. As his political record shows, Mr. Gairy cares deeply for the humble worker whose lot he hopes to improve by developing industry and tourism. But despite tireless wooing of investment, progress has been slow. A few hotels and factories have arrived, but Grenada is nowhere near the point where it can reduce its dependence on agriculture.

Land scheme

The chosen solution is to entice the Grenadian back to the hateful land, but in view of the stigma of labourer status, the Government has decided that this can only be done by making every Grenadian a landowner in his own right. So it is pushing through a "land for the landless" scheme under which portions of the large estates are being cut up into smallholdings and offered on generous terms. Needless to say the move has been hotly criticised as uneconomic.

Mr. Gairy has also thought it necessary to resort to political gestures, particularly ones with symbolic value, to compensate for economic sluggishness. With a great flourish two years ago he told Britain that Grenada no longer wanted budgetary aid. Great play is still made of the budgetary independence Grenada achieved as a result of this move, even though it has not dramatically altered the financial scene.

Mileage is also being earned from Carifta Expo, the regional trade exhibition which Mr. Gairy



Prime Minister Eric Gairy

mounted outside St. George's in 1969. The cost and the excitement were huge but the benefits doubtful.

And possibly to divert Black Power, Mr. Gairy has launched a campaign for a national culture based on the African tradition (most Grenadians are black) and is planning a cultural theatre to foster it. In a show for visiting dignitaries earlier this month, girls wearing West African dress sang of freedom while "ballet troupes" performed energetic dances to the rhythm of African drums. Constant reference was made by the master of ceremonies to cultural groups springing up spontaneously all over the island. But it will be some time before this hothouse culture takes root, if at all. There was also the great moment when Miss Jennifer Hosten became Miss World.

Major issue

The next gesture is to be independence. Mr. Gairy does not intend to achieve this by means of the referendum required

under the 1967 West Indies Act, which gave Grenada its associated statehood. Instead, he will make it the major issue in the next elections, due late next year, even though this will be strictly unconstitutional. He claims "Grenadians don't want a referendum." But the fact that he plans to take a short cut has prompted speculation that he senses a weakening in his following—and his contact with mass opinion is constant and close. Certainly, his opponents claim he would not get the necessary two-thirds majority in a referendum.

Gairy keeps his restive island to heel in a number of ways. He has long enjoyed the support of the workers, whom he dazzles with his oratory and whose loyalty he refreshes with regular "meet the people" tours, during which he gives of his charismatic best. He also enjoys exclusive use of the broadcasting service, and when challenged for a right of reply, states simply: "It's a Government service." (He constantly confounds his critics with such remarks.) The local Press, however, can be very hostile.

The extent to which his rule is reinforced by muscle and iron is hard to assess. During last year's disturbances he hired a number of alleged criminals to challenge yet.

cool things off. "I use a thug to catch a thief," he explains. He has since increased his police force more conventionally. But there is still talk of the so-called "mongoose gang" of thugs, estimated by one, albeit, hostile observer to number about 100. Theories differ as to what would happen if it mounted a soap box in St. George's and harangued the Gairy regime.

The Premier earns a certain popularity with his generous economic policies, which come largely of handing out big wage increases. It is on these that the Opposition dares most and has successfully attacks. Mr. Gairy took office with a reputation for "squandering" and has displayed lavish tastes since moving into the Premier's residence. His official car is a sleek American limousine, and official occasions are usually large and sumptuous and successful.

Deep concern

Mr. Gairy is sincere to a degree that is not often realised and his concern for his people is passionate and deep. But he fails to conceal the considerable delight that office gives him and he is not over-endowed with modesty. His office last week was stacked with large framed pictures of Eric Matthew Gairy awaiting distribution, and it would clearly like to be remembered as the man who gave Grenada independence as many other things.

In private conversation he is surprisingly mild and soft-spoken. Though nearly 50, he is slight and agile, and enjoys plenty of tennis, a game he allegedly took up to qualify for the elite status that Grenada aristocracy has persisted in refusing him. His average day starts at 7 a.m. and goes on into the night, often ending in the dance club he runs in town. He would be less busy if he were able to delegate more.

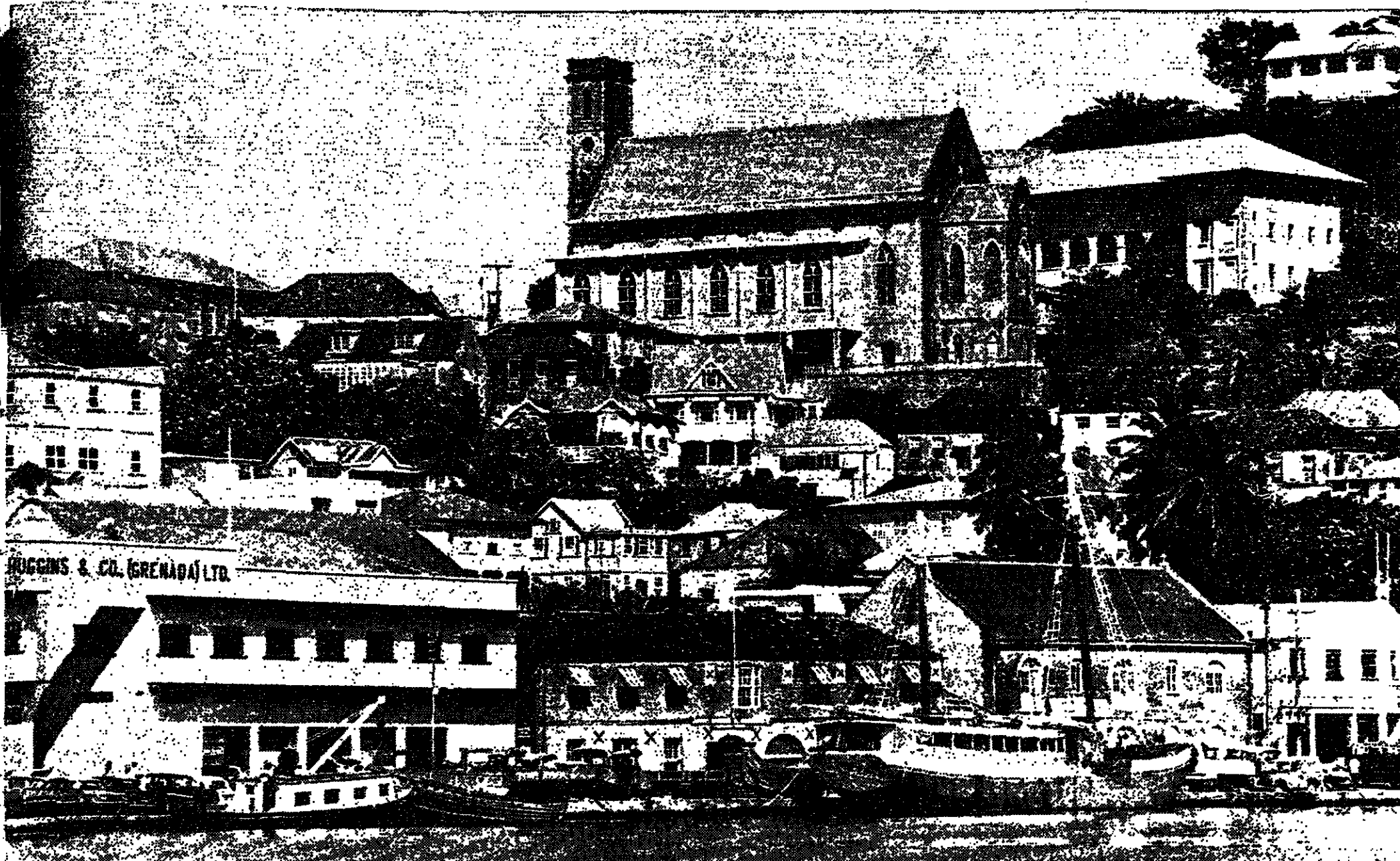
When Mr. Gairy finally falls it will probably be because of neglected economic matters. His temperament is impatient with them, and politically ignores them because they stand in his way. But trouble brewing on the economic front and he will shortly have to crack down if he is to keep his island afloat, sacrificing it is hard to assess. During last year's disturbances he hired a number of alleged criminals to challenge yet.

BASIC STATISTICS

Area	120 square miles
Population	97,000
Trade (1969):	
Imports	£6.8m.
Exports	£3.2m.
Currency: Eastern Caribbean Dollar	
£1 = EC\$4.80	
EC\$1 = 21p	



GRENADA II



The waterfront at St. George's.

Economic independence still some way off

Grenada's economy has a modest base in a well diversified agricultural industry, a growing tourist industry and a small light industrial sector. Exports are confined to nutmegs, cocoa and bananas, but the deficit on the trade is usually made up by aid, tourist spending and remittances from workers abroad. The government just balances its budget, and a rapid overall growth has been registered in early all sectors in the past three years.

But several reservations would immediately be made. The first is that the economy recently went through a boom chiefly because of a large increase in tourist arrivals and a surge in building activity. However, various factors combined to reduce tourism last season, and the state of building appears to be over. The second is that neither agriculture nor manufacturing issue was made of this two

Political issues

The third and most important reservation is that the Government has a number of political objectives which are getting precedence over pressing economic questions.

One of these is self-sufficiency. Like many Commonwealth countries Grenada compared budgetary aid to the dole and resented the right of control it gave Britain over its internal financial affairs. A political issue was made of this two

years ago, with the result that Grenada rejected the aid even though Britain was prepared to continue it until 1971. The effect has not been dramatic since the aid was being phased out anyway (it would have been around £150,000 last year), but the move illustrated Government priorities. As it turned out, Grenada had to finance a deficit of £110,000 from its reserves last year.

A more serious situation is developing round the question of wages. There is considerable inflation in Grenada, much of which can be blamed on imported costs and higher freight charges. But the rate at which Grenadian prices are rising is considerably higher than elsewhere in the eastern Caribbean, and this must be blamed on Government policies.

As a result of its commitment to improve the lot of the humble Grenadian, the Gairy Government last year gave large pay increases to workers in agriculture and the civil service, where wages have always been poor. Government employees got up to 50 per cent, though in the five-year period since the previous adjustment inflation had been 30 per cent. This rise cost the Government £750,000 in a total budget of £7m. This is double the figure for neighbouring States, where inflation has been more tightly controlled and where increases have averaged 30-35 per cent. Leapfrogging is now expected between the public and private sectors.

The planters have had to absorb the rises as best they can since they are trapped by world commodity prices on one side and by the difficulties of improving productivity and mechanisation on the other. Their profitability, of course, has been seriously impaired.

The boost that these rises gave to inflation is only just being felt, but it is coming at a difficult time. The tourist industry has just been shaken by a poor high season and is having to offer ridiculously low rates to attract visitors during the off-season. Grenada is already an expensive resort, and it is feared that unless stern action is taken it will find itself high and dry.

Popular budget

But stern action is unlikely. The Government has to go to the polls next year and is bound to introduce a popular budget this December.

Mr. Gairy's room for manoeuvre is also circumscribed by the fact that he is both head of Government and leader of the country's largest trade union (for all its incongruity this is not uncommon in the Caribbean).

His ultimate loyalty has yet to be tested, but when asked for the purpose of this survey what he would do if his country's economic difficulties reached the point where a Government-union clash over wages was unavoidable, he said: "I can see both sides of the picture and I would use my judgment. But I would not lend my support to unreasonable demands." This could be a hint that he would forsake the unions, but so far the Gairy Government has never put economic considerations first.

It is also plain that the Government has no economic strategy on inflation control. In an interview the Finance Minister, Mr. George Hosten, stated with disarming frankness: "I don't know what steps we would take now to control wages." Presumably he too is happy to wait and see.

Mark-up limits

The only measure that has been taken so far to keep prices in check is the imposition of statutory limits on mark-ups. These are very stringent, perhaps excessively so, and employers, like the planters, are unhappy about a situation in which the Government orders them to keep prices down without pledging itself in re-siting labour costs. The effectiveness of these controls is doubtful. They were introduced many years ago, long before the Gairy Government came to power, and appear to have done little to prevent the present inflationary spiral. They are useless, of course, in checking imported inflation, which is half the problem.

TOURISM STATISTICS					
	1961	1967	1968	1969	1970
Visitors	19,712	37,033	49,664	68,745	71,697
Est. earnings (EC\$m.)	1.8	7.1	16.3	23.7	21.4
Beds	260	630	750	1,300	1,600
Cruise ship calls	23	52	77	104	125

Quite what will happen next Grenada could discover oil. An American exploration company has completed seismic surveys around the island, and its American economy on which report, according to Mr. Gairy, Grenada is largely dependent continues its weakening trend, reveal more but stated that an announcement would definitely be made later this year.

But the optimists point out that a number of things could happen before then to set matters right. It is possible that Mr. Gairy may save face by making a discreet approach to Britain for help, probably budgetary aid, though he will be limiting Britain's scope for action if he goes through with his plans for independence. Help could also come from Carifta, which is pledged to support the weaker islands. Or the Gairy Government could even be ousted at the next elections, in which case the opposition party, which represents the planters and businessmen, would certainly take action. And one should not totally rule out the possibility of Mr. Gairy himself cracking down. There are rumours that he plans to take on more trained economists.

Finally, and this is a very long shot on which Gairy clearly pins considerable hopes,

WHERE IS THE FINEST YACHTING IN THE WORLD?

Grenada, Island of ships and spices, is the southern anchor of the fabled Windward Isles. Sprinkled on the sparkling Caribbean—fairest and most forgiving of the seven seas—the islands random shapes form coves and spits, lagoons and sheltered harbours that make it the most rewarding yachting area in the world.

Couple the geographical delights with year-round fair weather and the steady trade winds; the combination is unbeatable for the sailing enthusiast.

Where else in the world can you find such a galaxy of hauntingly beautiful islands... such individuality of culture, colour, character... such diversity of terrain? Black volcanic beaches, sugar-white strands, emerald mountains, flower-filled valleys. There are ports once used as havens for pirates, forts won and lost in ages past under the guns of foreign powers, fishing villages virtually unchanged for hundreds of years.

Here are the islands of the Grenadines—the little ones known as The Sisters and Les Tantes, Carriacou and Union and Petit St. Vincent, and a dozen more—all within a few hours' sailing time.

Grenada has one of the safest and most idyllic ports in the West Indies. St. George's its capital, curves around the two wings of the butterfly-shaped harbour. Pale pink and yellow houses, wearing bright red roof-caps, spill down the wooded hills to the sea. The Carenage is a-bustle with market trucks, donkey carts, brightly-painted open-air buses, shiny imported cars. The wheels of commerce are slowly accelerating as more and more travellers come to rest in this lovely island. The harbour, and the city that encircles it, has an old-world air, and is frequently referred to as the Portofino of the Caribbean.

As most yachting cruises originate from St. George's, then full provisioning, berthing, repair, communications, chandlery and associated facilities are also available.

Interested now in cruising the fabulous Windwards? Then drop us a line for immediate information.

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Miss Jennifer Hosten, who won the Miss World title in 1970.

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With this new development, and in conjunction with our comprehensive facilities along the Carenage, we aim not only to attract and service the tourist and visitor to the island, but to provide the people of Grenada with modern shopping facilities fully capable of meeting the rising consumer demand. Whilst this demand is strong from the large number of visitors who have built winter homes in this beautiful island, it is the increased purchasing power of the "man in the street," which manifests itself even stronger, and which reflects the dynamic growth of the economy in recent years. We are confident that this rate of growth will be fully maintained.

THE WEST INDIA COMMITTEE

are concerned with promoting Commonwealth Caribbean/United Kingdom trade, advising firms and individuals in the U.K. on investment and trade prospects in the Commonwealth Caribbean and providing general information on the area

18 Grosvenor Street, London, W1X 0HP
01-629-6353

GRENADA III

Agriculture: reliable earnings but labour problems remain

Quite why Grenada's agriculture should be more diversified than its neighbours has never been explained. But the fact is that while most of the Windward Islands produce at most two decent crops, Grenada enjoys three, cocoa, bananas and nutmegs, and has a fair secondary industry in spices, citrus fruit and cotton.

The three make a good combination since world prices for each tend to fluctuate at different times, making Grenada's overall earnings from agriculture fairly reliable. And nutmegs and bananas can be gathered most of the year round, offsetting the sporadic earnings from cocoa, which is harvested round the New Year.

Nutmeg crop

Although Grenada is famous for nutmegs, the crop is second to cocoa in value. Production of nutmegs last year was 3.7m. lbs valued at about £700,000, to which should be added sales of mace, a by-product of nutmegs, which earned about £150,000. Although probably more nutmegs are produced now than ever before, earnings are below the level before the catastrophic drop in nutmeg prices in 1967. But values are recovering slowly, and of the three crops nutmegs are thought to be the most stable. Since Grenada produces about a third of world output, it keeps production in check to avoid any marked increase which would weaken prices.

Grenada grows less than 1 per cent. of world cocoa output. Last year's crop of 8.5m. lbs earned almost £1m., and the general price trend is strong. Many planters are going over to cocoa at the expense of bananas, whose future is less certain. This trend will probably accelerate if Britain joins the

EEC and shuts off Grenada's guaranteed banana market.

Banana production is dropping slowly and earnings are expected to fall below 600,000 lbs this year from the 1968 peak of 745,000. But it happens that of the three crops, bananas are most suitable for mechanisation, and several experiments are in hand to improve packing and handling. The industry is therefore expected to stay alive.

There is a high and unpopular levy on agricultural exports which despite persistent demands from the planters is unlikely to disappear since it earns the Government over £250,000 a year.

Contrary to world trends, Grenada's agriculture is becoming more fragmented. About 20,000 acres, a third of all agricultural land, is controlled by 13,000 farmers, and there are now only a dozen colonial-style estates of more than 300 acres. The Government is encouraging this trend with its "land for the landless" scheme, under which it is buying up what it claims are the uncultivated portions of large estates, cutting them up into small holdings and selling them off at generous terms to would-be farmers.

While the political and social motives behind this policy may be obvious, such an apparent disregard for agricultural good sense has raised cries of horror from the planters. The Government has countered accusations that it will create an un-economic framework with claims that overall acreage under cultivation will increase, and that given good "co-ordinated activity" (it abhors "co-operative") production is bound to rise, albeit after an initial downturn.

The tendency towards small holdings is aided by a fertiliser subsidy scheme under which 30

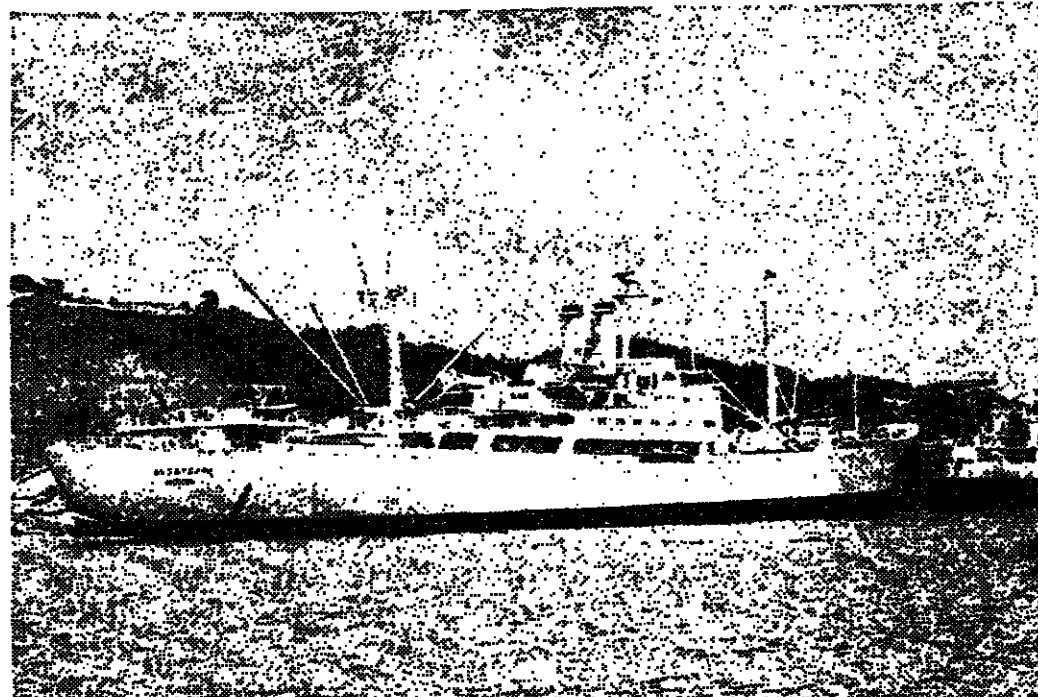
per cent. of cost is given for holdings under ten acres but only 10 per cent. for larger holdings. In defence of the Government it should be pointed out that mass production and mechanisation are neither wholly possible nor necessarily desirable in Grenada because of the nature of its crops, its topography and the need to give thousands of people something to do.

The Government also argues that the scheme will increase market gardening. Certainly Grenada could produce more of its own food, particularly vegetables, which do not require to be grown on a large scale. With the growth of tourism food imports are expected to rise sharply unless some of the demand can be met locally. Recent figures show that this so-called agricultural island spends close on £2m. a year buying food abroad, more than a quarter of its total import bill.

Practically no meat is produced on the island. While cattle rearing is impractical because of the terrain, pigs and poultry should be possible and are under consideration. Fishing is said to be thriving. Landings reached a record £3m. in 1969, and ice-making and cold storage facilities have been installed.

Latest wrangle

Agriculture constantly runs into political squabbles, particularly since the traditional planters (as opposed to the grateful smallholders) oppose Mr. Gairy. The latest row is over control of the growers' associations. It is as complicated as a small island wrangle should be, but its outline is as follows: The associations are statutory bodies formed some time ago with exclusive powers to buy the entire crop they represent.



Geestcape, a Geest Line banana boat, in St. George's harbour.

market it and, after deducting an operation commission, pay producers according to their output. Over the years they have accumulated considerable reserves, the nutmeg people for instance having more than £200,000.

The associations are controlled by planters, hence are anti-Government. The Government has prepared legislation to broaden the base of the associations by making membership compulsory for anyone planting a given crop. This move is bound to strengthen the Government's following in the associations by bringing in the pro-Gairy smallholders. The planters, therefore, see them-

selves threatened and are tain justification for their fears. The present leadership's record is not exactly one of frugality, nor, as the land scheme shows, does it necessarily exhibit good sense. But the planting elite is not noted for its progressive ideas: estates are still run on primitive lines and the average individual whose job is a social stigma. A change in the system could well do some good.

Bananas are one of Grenada's three main crops.



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COCOA

Grenada Cocoa is one of the finest-flavour Cocos in the World. Buy this superior quality product. Make sure that it is contained in your favourite chocolates. The Grenada Cocoa Industry Board, the sole exporter of Cocoa from the Associate State of Grenada, ensures that only Cocoa of the highest quality is exported from Grenada.

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NUTMEGS AND MACE

The World's most natural and tasty flavouring for Meats, Sausages and manufactured food products of all kinds. As kitchen and table spices unsurpassable in Meat recipes, Cakes, Biscuits, Pastries, delicious on Puddings, Custards, and other desserts. The finest Nutmegs and Mace are exported world-wide by

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"GRENSPICE"

Good framework for industry

Industry is Grenada's jam. It is not the bread and butter and is unlikely to be for some time. The island's bulk earnings come from agriculture and to a growing degree from tourism, and what industry earns comes as a welcome bonus.

So far, industry has established itself along the usual island lines. An early arrival was a brewery, which is now doing well and planning large-scale expansion. Other activities include a garment factory, a furniture assembly plant, a rum distillery, a coconut products plant, a lime juice extraction plant and a handful of other enterprises. But these activities, though well established, employ a modest section of the population and at a rough estimate only earned £200,000 in exports last year.

Few resources

And despite valiant efforts by the Government to promote the island (it held Carifta Expo at great cost in 1969 and has now set up a promotion centre in Rockefeller Plaza, New York, also at great cost) the openings are narrow and enmeshed in knotty regional problems.

In seeking to establish which industries are suited to Grenada one faces the bare fact that there are scarcely any local resources. Labour is not significantly cheaper than elsewhere and industrial skills are not widespread. There have been no studies to determine what the Grenadian market can take, the only guidelines being import substitution. However, the domestic market is so small that no business would contemplate coming in unless it was assured of good export opportunities, and this raises further complex questions.

Regional zoning has still to come about in the Eastern Caribbean. The Caribbean Development Bank has sponsored a study which should appear next year, but its findings are bound to arouse intense political jealousies, and only the most optimistic believe that zoning can be achieved amicably.

Meanwhile, industries of the type best suited to small island economies offering few resources (light manufacturing and assembly) have already become well established in the bigger islands and have brought production to the point where costs can be trimmed. It is therefore thought unwise to establish similar industries in the smaller islands, where costs are bound to be high and local demand low, and where extra freight charges will blunt the competitive edge.

So an island like Grenada is caught in a vicious circle which can only be broken by action on a regional scale, entailing some kind of sacrifice by the larger islands. And this is what Carifta is trying to do.

The organisation, which recognises that the freeing of trade has benefited the more developed countries (MDC) at the expense of the less developed countries (LDC) has made special provision to help its weaker members. LDC's for instance may take up to 10 years to phase out tariffs on a reserve list of goods, while the MDC's only get five. LDC's may also, when establishing an industry already in existence in an MDC, ask for special tariffs to protect that industry. But bitter complaints can be heard in Grenada that these provisions only apply when an industry already exists and do not help exports. It is also claimed that they do not bring industry in and that the long-term protection they offer is no comfort when an immediate stimulus is needed.

Common tariff

When Carifta shortly adopts a common external tariff, Grenada's products should benefit from their new protected status, although it has been pointed out that freight rates will continue to discriminate against smaller islands. In a new departure the Windward Islands recently got together with Venezuela to build a plant to make banana packages in St. Lucia. This initiative is interpreted as an encouraging sign. Another welcome move is the Development Bank's decision to give preference to LDC.

Grenada's small but active circle of businessmen claims realistically that industry must grow out of agriculture since this is the basis of the island's economy and the only local source of raw materials.

Food processing, both for the local market (which imports an inordinate amount of food for an agricultural island) and for export, is therefore suggested for investment. So are more downstream activities in the meat industry, particularly if Grenada gets going with pigs, which are best suited to the island's rugged terrain.

In view of cocoa production, a chocolate industry has often been proposed, but the general feeling is that volume is too small to support a factory, particularly since certain African cocoa strains would have to be imported to create internationally accepted flavours. In a different field it is also felt that scope exists for a very instant.

mortgage finance company. The present facilities have difficulty serving the growing demand for homes, particularly since the Government builds scarcely any. According to one estimate \$2m. could be placed without much trouble.

Grenada possesses a reasonable framework for industry. The island has electricity and an extensive and adequately maintained road network. Despite massive rainfalls there is a constant shortage of water, but this should soon be remedied when a Canadian-sponsored improvement project is completed. Telecommunications abroad are reasonable, thanks to an efficient little cable and wireless office, and the domestic telephone service is better than many.

Air links exist only with the neighbouring islands and are erratically maintained by LIAT, which gets hopelessly overloaded during peak periods. There is, however, a move to establish Grenada's own airline. St. George's is well served by ships, though trans-shipment from large Caribbean ports has often to be resorted to, with inevitable delays. The harbour has two deep water berths and 20,000 square feet of warehousing.

Company taxation is 42 per cent. and is creeping up. The Government also tends to stick on little taxes here and there to bolster its modest budget. And since there is no social security a moral obligation to arrange pension and medical schemes for their employees.

Tax incentives

Grenada's leadership is far from anti-capitalist as is often supposed. It earnestly seeks investment and offers considerable tax incentives to business. But the style of leadership is very personal, and businesses setting up in Grenada should be prepared to deal with people who proceed by instinct rather than by established business precepts. Furthermore, as has been noted elsewhere in this survey, political considerations tend to come before economic ones.

The fact, too, that the Premier is head of the island's principal trade union makes labour a touchy matter, and complaints of interference from above are sometimes heard. But Mr. Gairy is able to exert his influence both ways. While he may take up the cause of a sacked employee, he has also been known to issue strikers with stern warnings of the doom that awaits them and the island if they do not return to work that felt that scope exists for a very instant.

GRENADA INVESTMENT AND MARKETING

McIntyre Brothers Ltd. have successfully handled FORD in Grenada since 1921! A mark alone which establishes the company's impressive length of experience in the Grenada market, and to the point today where we believe that we can justly claim to be the strongest and most forceful marketer of automotive and associated products. Among our other international clients are names like SHELL, FIRESTONE and LISTER... and to which we have now added MAZDA cars.

But McIntyre's are an expansionist company, and we are seeking to broaden the scope of our Grenada involvement. If, after reading this survey you believe your product, service or investment proposal can do well in Grenada, then we would indeed welcome the opportunity of discussing a possible and profitable association with you. So why not drop a line now to Charles McIntyre?

McINTYRE BROTHERS LTD.

PO Box 70 St. George's
GRENADA W1

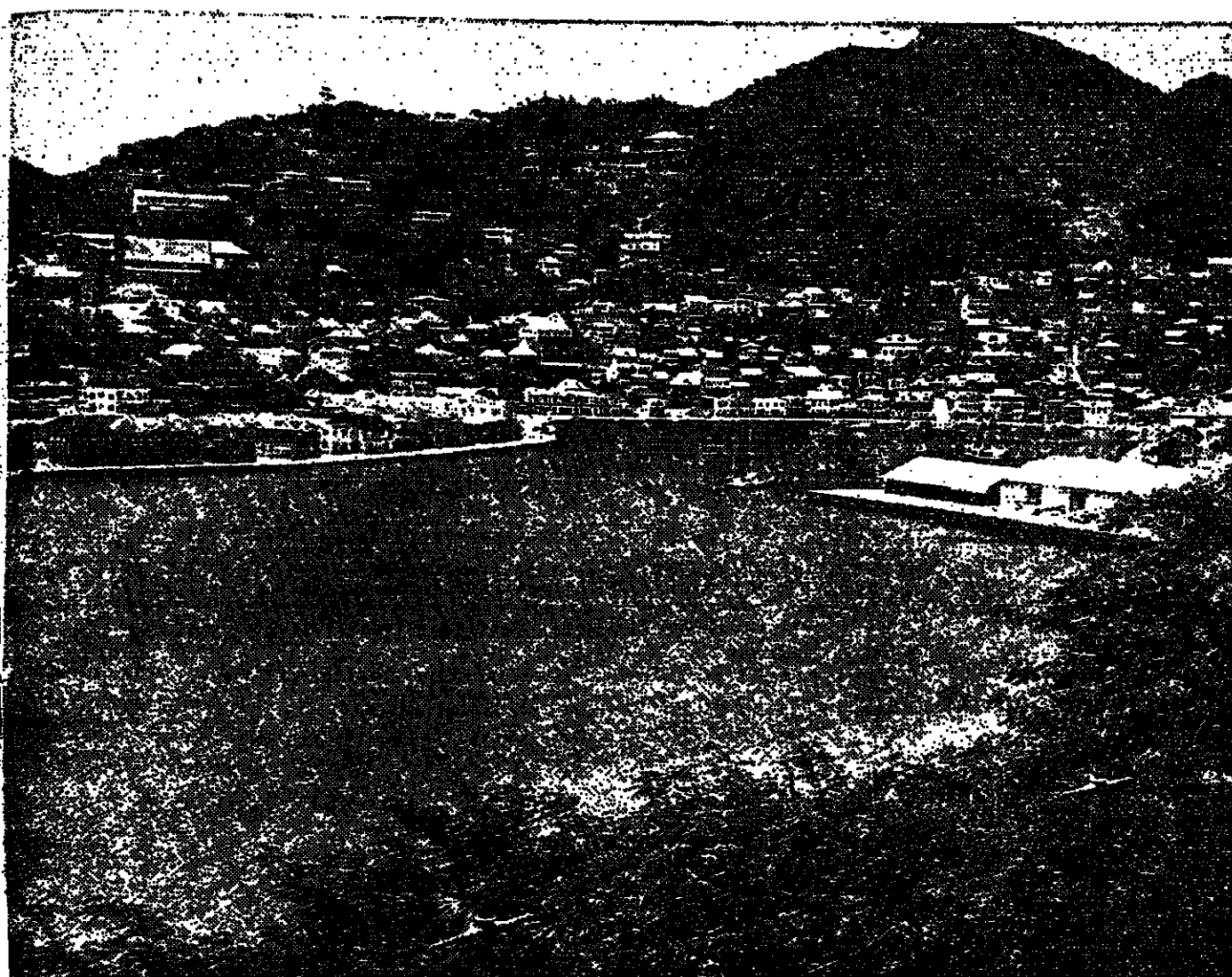
CALABASH

GRENADA, WEST INDIES

Set amidst tropical gardens in a coconut grove with its own private beach, Calabash aims to offer its guests a peaceful and relaxing holiday in an informal atmosphere. Calabash can accommodate forty guests, in cottage suites, each suite comprising one double bedroom, bathroom, sitting room and verandah. Situated in a sheltered bay, the sea is very calm and ideal for swimming and sailing in our "mild" sailing boats. We have a billiard room with a full sized billiard table and a tennis court for the more active. Calabash, reputed to be one of the world's leading resort hotels is more a way of living than an hotel.

THE PROFESSIONALS

Carib Insurance Limited
PO Box 333 St. George's Grenada Phone 2778



The Carenage, St. George's.

Tourism development slows down

For peace loving visitors who are persuaded that bumpy roads are fun and that the island is a paradise. But what is the reality? The island's natural beauty is one of the finest in the Caribbean. The legendary turquoise beaches are there, the sparkling waves, the green mountains, the coral reefs and the tropical fruits. And most evenings the sun glimmers on the turquoise water.

But it took a long time to be discovered, and even now lags behind Antigua and Barbados. A handful of the main hotels in the main resort, Grand Anse Beach, are more than ten years old and most of the bed space has only been built in the past three years. The first hotel to belong to an international chain, the 126-room Holiday Inn, is now in its second season.

Abrupt halt

But the boom has now come to an abrupt halt. This is partly because recently it was officially stimulated by the 10 hotels squeezing in some extensions before their 10-year tax holiday ran out, but more importantly because Grenada has suffered from a Caribbean-wide setback in tourism, which has variously been blamed on the American recession, the black power movement in Trinidad and high prices. Grenadians say their plight has not been helped

by harsh treatment their island has recently received in the U.S. Press and on British television. When unfattering comparisons were made between Grenada and Haiti.

With no new hotels in the pipeline, occupancy levels poor during the last winter season and with hotels showing alarming losses, the Grenadian tourist authorities have followed the belated course adopted by most Caribbean resorts — pushing holidays during the low season, which is two-thirds of the year, to get a better overall occupancy and reduce those bitter sweet moments in December and January when hundreds of would-be guests have to be turned away.

Off-season

A campaign is therefore being launched to entice visitors during the northern hemisphere's summer months. It points out the benefits of off-season travel—cheaper rates, fewer people but good weather expectations—and is aimed increasingly at the package tour market which is now considered essential for the consolidation of what is traditionally a fickle industry.

An illustration of off-season price cuts gives an idea of the kind of sacrifices hotels are now prepared to make. A single room at the Holiday Inn in season costs £16.25 a night, out of season this drops to £6.25. Grand Anse Beach Hotel cuts a £16.67 room to £5, and the Grenada Beach Hotel a £20 room to £8.33. Most hotels offer cheaper meal plans out of season, and many services drop their prices. And in the case of package tours it is understood that operators have managed to beat hotels down to as little as a fifth of their usual rates, in effect charging less than £4 a night. Accusations

that the Caribbean is pricing itself out of the market are hard to sustain against these figures.

Attempts are also being made to reduce the industry's dependence on the North American market by wooing the European with attractive all-in rates. Among off-season tours to be had from Britain for example are those operated by Alta Travel in conjunction with BOAC, costing around £250 for two weeks, about £120 less than the flat rates. Hotels used in this scheme include the airy Spice Island Inn, which has Grenada's most sophisticated cuisine and offers suites with individual swimming pools, and the homely but smaller Riviera Beach, whose speciality is crab-racing on the dance floor.

Both rank among Grenada's best. Britons can also get round the normal excursion air fare of about £200 by buying BOAC's Early Bird fare to St. Lucia, which costs £130, and then hopping across on the local service for £8. This is a legitimate but not officially recognised ruse.

Big spending

Other markets which Grenada hopes to tap include Venezuela, where tourists have a reputation for big spending, Surinam and the West Indians themselves, who make up for their low spending by the vast numbers in which they migrate at holiday time, usually July and August.

An obstacle to growth is Grenada's airport, which cannot take anything larger than an Avro 748, closes at dusk, and lies a full hour from Grand Anse. The Government is pushing for a new one, but Britain, which would probably have to finance it, is delaying a decision on the grounds that exact requirements have not yet

been defined. The possibility of money coming from other sources, probably, North America, has not therefore been ruled out.

Grenada offers some of the best sailing in the Caribbean. The neighbouring Grenadines, in particular, have lured big yachts Grenada's way. There are now extensive marina and chartering facilities, and potential for further growth is certainly there.

Real estate

Allied to tourism is real estate. A growing number of foreigners have built holiday and retirement homes on the special estates being developed on the peninsulas off the south coast. Prices have risen swiftly to their present levels of \$1 a square foot for land and about \$15 a square foot for construction, putting a 2,000 square foot house standing in half an acre at about \$50,000. Land prices have evened out now, dampening speculation, but building costs are likely to continue to rise.

Although the island's tourist chiefs emphasise that all development will be carefully controlled to preserve amenity, Caribbean travellers with no financial stake in the tourist industry look ahead with apprehension, for the balance of civilisation and nature is probably as near perfect now as one could hope, and any advance of the former would harm the latter. Grenada can still decide whether to remain peaceful and exclusive with an industry based on tasteful small hotels like the Calabash, one of the region's best, or expand into a mass resort. And the fear is that the local decision-makers, who frankly appreciate their island's charms less than the visitor, will choose the second, regrettable, but more lucrative course.

HOTEL DEVELOPERS

Why invest in GRENADA?

Simple!

Grenada is far more than the most beautiful of Caribbean tourist destinations. Grenada is a country whose superb natural environment has been linked to a development dynamism and leadership which has achieved in recent years immense strides for the tourism investor and the welfare of the island's people.

First, study closely the following impressive tourism and other related development statistics. Next, study just as carefully the outstanding incentives available to hotel developers.

OUR ACHIEVEMENTS

1. During the past four years our hotel plant has expanded by a further 500 rooms, and with a large number of additional rooms at the advanced planning stage.
2. Since 1967 the overall tourist influx has increased by 93.6%.
3. The Tourist Board, one of Government's main instruments in the promotion of tourism has increased its promotional expenditure by over 300% during the past four years. A clear indication of both the Government and the Board's desire and effectiveness in winning tourists to the market.
4. Government is now studying proposals for the building of a new international airport at a cost of \$18 million U.S. (£7.5 million Stg.).
5. In addition to the island's prominent position as both a flight and cruise destination, Grenada has further consolidated its position as the No. 1 Eastern Caribbean yacht charter centre.
6. As a result of the island's unique watersports environment, there has been a marked expansion in this sector too (sailing, skin diving, spear fishing, scuba diving, water skiing, deep sea fishing).
7. The level of Government's annual expenditure has risen impressively from \$14 million EC in 1967 to \$35.6 million EC.

These exciting and expansionist figures are the hallmark of a stable country whose hotel investor climate can be succinctly summarised as being VERY BRIGHT!

OUR INVESTMENT INCENTIVES

To stimulate further hotel development, then, the following outstanding incentives are available under the Hotel Aid Ordinance—

- A. Duty free importation of building materials and hotel equipment as specified by the licence.
- B. If materials and equipment are purchased in the territory, the licensee is entitled to a drawback on customs duties on production of bills satisfying the Collector of Customs of usage in this connection.
- C. Exemption of a hotel proprietor on income tax arising from such hotel for ten years following the year in which the licence is granted, subject to adjustments if the end of the holiday period does not coincide with the end of the accounting period of the enterprise.
- D. Profits arising during the tax holiday period can be distributed during that period and two years, thereafter, with certain limits.

For immediate further details with regard to Grenada Hotel investment and development then kindly send your enquiry direct to—

Hon. Eric M. Gairy
Premier
Office of the Premier
St. George's, Grenada W.I.

Grand Anse Beach, on which are located some of Grenada's best hotels.



STOCK EXCHANGE REPORT

Stock index up 5.7 at new peak for the year of 417.8

Buying interest broadens to take in second-line issues

ACCOUNT DEALING DATES

Option

First Declara- Last Account

Dealings from Dealings Day

Aug. 9 Aug. 19 Aug. 20 Sept. 1

Aug. 23 Sept. 2 Sept. 3 Sept. 14

Sept. 6 Sept. 16 Sept. 17 Sept. 28

* New time "dealings may take place from 3 p.m. three business days earlier.

The equity market had another

good day yesterday with buyers

showing more confidence. A

selling and thinness of markets

in general had much to do with the

good advance in the leaders and

although, not for the first time

themselves, the overnight rise on Wall

Street and the report of improved

car sales helped sentiment. In

fact activity was much higher

than on Monday when measured

by bargains marked at 11,321

compared with 11,182 the previous

day, but more institutional

interest was evident in the

Financial Times Industrial Ord-

inary share index recorded a

steady advance throughout the

day, but the close of 417.8 up 5.7

was slightly below the best level

of 418.2 recorded at the 3 p.m.

calculation. However, the tone

at the end was good and the

closing index was its highest since

January 16, 1970, when it stood

at 421.6.

The broadening of buying inter-

est to second-line equities

was reflected in an expansion of

the rise-to-fall ratio in the

Financial Times-quoted Indus-

trial to four-to-one; on Monday

the ratio was about three-to-one.

Many old rumoured bad stocks

were eliminated to provide good

features.

Gilt quietly firm

It was another quiet day in the

Gilt-edged market. Helped

by the announcement of an in-

crease of 1% to 9% in the long

"up" stock, Treasury 8% per

cent, 1987, the market was

on a steady rise. The fall in U.S.

treasury Bill rates stimulated a

little interest in the shorts, but

enough there was also affected

by the late news of an official

price rise of 1% in the short "up"

tock, Treasury 6 per cent, 1975,

at 98 1/2, and prices ended the day

up to 1/2 better, as in the case of

Treasury 6 1/2, 1980, up 1/2, and

01 1/2. Corporations maintained

their position.

Counterbid for Fordath

After moving up to 334 1/2, LCI

dropped over to close 329 1/2

on balance 329 1/2. The

acquired bid from Hepworth

Ceramics, Fordath jumped 38p

to 150p, while HC eased 3p to 60p.

Fosco Mining, the highest

bidder, improved 1p to 142p fol-

lowing the lapsing of their offer. Also

firm were Fisons, up 9p at 31p.

"Gussies" good

Stores moved into higher ground

under the lead of "Gussies" "A,"

which closed 12p higher at 420p.

Marks and Spencer improved 3p

to 307p, while Army and Navy

advanced 12p to 243p on buying

in this market. Court Bros.

"B" responded to the increased

profits and scrip issue proposals

with a gain of 12p at 207p, while

other firm spots included Bestalls

4p to the good at 82p, and D.

Perkins 7p higher at 147p. Fol-

lowing news that the strike which

delayed printing and despatch of

the accounts had ended, Highlight

R. Kitchen Taylor, however, re-

acted 8p to 67p on terms of the

leasing of the company's Chart

Street property.

Leading Electricals ended with

generally little change but Thor

INSURANCES WANTED

Insurance

Insurance

Insurances met some good buy-

ing and closed at the day's best

with several gains ranging to

about 10p. Royals ended 11p up

at 11,182, the previous day's

statement. Fenzel gained 9p

at 266p. Prudential were the same

amount up at 160p. Taisio

Marine came back 30p more to

320p.

Leading Banks opened firmly,

but drifted lower for part of

the day. In fact, the day's best

buyers before the closing, the

close to end narrowly mixed:

Lloyds, however, closed 9p off

at 606p. Merchant Banks were

offered by First City City Bank

to 30p. United Dominions

Trust and Western Credit stood

out in H.P.s with gains of 3p

to 218p and 61p to 81p respectively,

both "highs" for the year.

A big two-way business

dealers and in the market, with

buyers gaining the upper hand,

prices moved ahead to close

around the day's best levels.

Rises of around 4p were seen

in Allied 130p, and Bank 135p,

while gains of 7p occurred in

Courage, 131p, and Vaux, 34p.

Scottish and Newcastle advanced

10p to 140p, while the day's

outcome of the bid battle, Trans-

vaux, however, ended 1p off at

460p. There was a large turnover

in Watney Mann, 5p better at 127p.

After the day's close, the

market was higher at 7p, Grand

Metropolitan Hotels fell 7p to

81p. Elsewhere, Distillers gained

5p to 175p following the chair-

man's statement.

Building issues made further

headway. R. Costa rose 6p to

190p, while Kier, 154p, and

8p, respectively. Greaves

ended 8p better at 154p.

Motor Components retained

their upward momentum. Lucas

were only momentarily upset by

the labour strike and subsequent

lay-offs, after extremes of 275p

and 270p. Lucas closed at 275p

on a balance at 272p. Dowry, still

reflecting the chairman's optimism,

gained 4p more at 120p, while

Daniel, 45p, and Associated

Engineering, 44p, rose about

1p. Brown Bros. and Albany

slipped back late to 165p, down 6p,

after the interim results. Com-

mercial Vehicles and Gearing both

had firm features, Henrys rising 8p

to 402p. E.S.A. rose 1p to 34p,

following a "bear" squeeze before

the day's close.

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reflecting the chairman's optimism,

Land Securities react

Land Securities

Land Securities

Sustained profit-taking sent

Land Securities down to 195p

before a close of 196 1/2, a loss of 8 1/2p,

and for a while also dampened

general buying interest in the

Property sector. Stock Conversion,

despite the doubled profits and

dividend, reacted 7p to

101p. The rise of the

primarily results, expected shortly,

Odeon's rose 10p to 320p. On

a burst of speculative enthusiasm,

Argyle Securities jumped to 100p,

but following later news of the

proposed bid from Slater Walker,

worth 60p, came back to 75p for

a net 11p gain. Trafalgar House

were briskly traded and ended 6 1/2p

up at the day's best of 130p.

Leading Papers had a better day

with Reed International, 232p, and

Bowater, 165p, both rising 7p,

while DRG ended 5p at 163p. Else-

where, Delyn lost 4p at 41p, but

Morgan-Grampian added 5p more

at 133p.

BP outstanding

British Petroleum claimed the

limelight in Oil, rising 15p to 600p

on a high demand, part of

which may have been inspired by

a broker's circular. For a similar

reason, Barmar improved 6p

to 285p. Barmar managed a

4p rise, at 431p, and Shell a 3p

advance, at 382p. Australians,

part from Magellan Petroleum, 5p

to 88p, were only marginally

better.

Widespread small gains were

seen in Investment Trusts. First

Investment American scored a

fresh rise of 10p at 350p, while

U.S. Trust Fund put on 25p to

650p and Triplevest Capital were

good at 307p, up 9p. Among

Finance, Land, Incheape rose 10p

to 415p. Jessel Securities were

in demand at 280p, up 12p, while

the Deferred gained 6p to 138p.

Western Selection, however, lost

31p at 341p.

Court Line remained an active

market on bid speculation, but

the price turned erratic as profit-

taking on the recent rise

developed; after touching 150p,

the price eased back to a close of

145p, a net rise of 1p. Shipping

interest Holdings were a good

market on the chairman's state-

ment, rising 10p to 268p, a late

rumour that they were about to

bid for Court Line. Elsewhere in

Shipping, Canard rose a further

10p to 215p for the ascent to the

Trafalgar House offer, which was

due to close yesterday. Furness

1. "Recent Issues" and "Rights" Page

INDUSTRIAL (Miscellaneous) - Continued

Stock	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	96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Index rose 5.7 to 417.8

THE LEX COLUMN

Reading between the News Intl. lines

There may be reason to distrust as a signal a new high in the FT index (in contrast to the Actuaries all-share) when one constituent, Vickers, rises 10 per cent—apparently on a chart interpretation. For the present logic dictates caution, whereas the empirical evidence of the indices will look more convincing if volume picks up.

News International

News International's first-half recovery from £1.55m. to £1.65m. before tax is more exciting than it looks. This period took in the postal strike, which must have hit advertising volume, and the costly circulation war among the popular dailies on the demise of the Sketch. Outside newspapers, the Townsend Hook and Bemrose subsidiaries caught their share of the depression in paper-making and colour printing respectively. And the group's major plus, the soaring circulation of the Sun, was offset to some extent by circulation weakness at the News of

the World, which recently has been running at about 180,000 copies lower than at this time last year.

The second half should be a different story. Unlike its depressing mid-1970 experience, the latest cover price rise at the Sun (4p to 3p) has been followed by a 100,000 circulation rise to around the 2.1m. mark. That means nearly £1.2m. of extra revenue in the current half-year and while the general forward bookings position for advertising is apparently pretty grim—certainly compared with commercial TV—the Sun's recent 40 per cent rise in advertising rates suggests that the problem is not a general one. At the News, rates go up 5 per cent from the first of next month; paper-making should be less of a drag and printing, at least, should set no worse. So while outwardly the management has restrained its ebullience—and that showed in a standstill share price of 192p yesterday—it would probably be disappointed if profits for the year did not top £41m. against £36m. lifting

earnings to over 13p a share and dropping the p/e to 14.1. See also Page 18

Rentokil

Rentokil's interim profits are up from £1.07m. to £1.51m. pre-tax, and the striking feature within that is a 40 per cent jump in U.K. profits to £1.09m. on a 23 per cent sales rise. Pest control contracts now total around 60,000 against 43,000 at the end of 1969, and hygiene work is also expanding fast. Both are good for margins and for earnings quality with a high proportion of repeatable work. Initially on an annual contract and renegotiable on a quarterly basis thereafter. Another explanation for the more profitable sales mix lies in woodwork and dry rot control. Improvement grants rose by 23 per cent in the first half, with a trend towards discretionary—Rentokil's forte—rather than standard grants, and there was a high level of turnover in the housing market with building society mortgages on old houses up 22

per cent over the period.

Acquisitions chipped in roughly £75,000 net of financing charges: they were in for most of the second half of 1970 so it may be too much to expect the usual 40-60 half-to-half profits split. Yet with the overseas side moving further ahead, earnings a little over 41p per share against 36p may be a reasonable hope, which is what the shares—on a prospective p/e of perhaps 26.1 at 123p—are counting on. See also Page 17

Brown Bros. Albany

Profits rather than sales were the first target of the Brown Brothers and Albany merger, and that shows through after six months of 1971 with profits before tax and loan stock interest up from £506,000 to £1.01m. on a marginal sales rise. A major slice of the improvement must have come from lower financing charges with stocks in June—normally at a relatively high level—standing at around 53.1m. against 58.1m. in December, and the overdraft

halved to roughly £1m. This should be a continuing process. The Milton Keynes warehouse scheduled for opening in a couple of months' time: the current half also gets the first impact of a slimmer workforce, due to be reduced by nearly a tenth, and of faster sales growth, notably in electrical wholesaling. Good tyre retail outlets are getting harder to come by with only about three opened in the first half; another half dozen or so should be open by the year-end, taking the total up to about 60.

So fully diluted earnings up from 7.1p to 10p a share should be a confident bet for 1971. The shares fell 6p to 165p yesterday, but they have been a strong market for the last month or two: we now have to see what form the group's electrical retailing ambitions, not a whit shaken by the Stone rejection, are going to take. See also Page 17

Carrington Viella

Carrington Viella's 1970 outcome of £1.5m. pre-tax, exclud-

ing the loss in Germany, was depressed by £1.7m. of losses at Jersey-Kapwood, which were due to be eliminated this year (and have been, it seems) and £2m. of provisions for charges. Thus £5.2m. pre-tax was put for the group this year, and with £2.44m. pre-tax in the first half (together with hopes that the second half will continue to show an improving trend), the bet must be that the group will be ahead of scratch. £5.2m. pre-tax would give earnings of 19p a share—still, of course, a recovery situation rating with the shares at 33p.

In fact the group's reputation to a "steady recovery" in conditions in the first half and a "reasonable increase" in the level of trade in the second would seem to belie the gloomiest noises of the industry. But the share rating is understandably looking to a less competitive price background, as well as the benefits of the group's far-reaching rationalisation in 1972. See also Page 18

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Floating into Europe gloomily

BY JOE ROGALY

THERE is little hope for the anti-marketiers now. We have no option but to go ahead and join the European Common Market, and suffer the inevitable consequences, which is to sink into obscurity and become—by comparison with our past—the poor relation of the Western world. We cannot return to the Commonwealth: that has become a joke. We cannot go it alone, as the Japanese have managed so successfully, because the period of Britain's national virility began to draw to a close at the conclusion of the second world war, shortly after Japan's began. We can no longer clutch at the knees of Uncle Sam, as our Governments have done for a quarter of a century now, because President Nixon has shown that the United States is for the time being concerned with its own national interests, whatever the consequences for Western Europe.

No choice

Thus there is no choice for Britain but to take part in whatever is going on in Western Europe. In political terms we would be alone and increasingly friendless outside, in trading terms the sudden imposition of a 10 per cent surcharge on all American imports (including even the Rolls-Royce engines for the new Lockheeds) is the best possible evidence of the need to take out some kind of an insurance policy by joining a trading bloc of our own. In this wholly negative sense the case is made.

But it is a foolish dream to believe that there is any positive economic case for joining Europe. It has never been possible to prove this case. Now that the future rate of exchange of the pound and indeed all other currencies is a matter for doubt and conjecture the task is doubly impossible. For those who hope for better times inside Europe, it is no longer merely a question of faith: it is a matter for prayer.

What you have to believe if you are to think that Britain will grow richer inside the Six is that the mood of the British people will suddenly change, that trade unionists will become reasonable lambs while British workers return to the old days of hard graft and a great deal of sweat. This is not a matter of economics: it is a question of national psychology, and it would indeed be a miracle if the best hopes of the marketiers came to be proved right.

Tired economy

It is surely much more realistic to accept that the steady decline in Britain's economic performance relative to that of some other countries will continue. This decline has been experienced for most of the present century, and in particularly severe form for the past generation. It has produced a state, tired old economy that is more likely to be overwhelmed by competition from Europe than rejuvenated.

All predictions about our future inside Europe are necessarily built upon suppositions and assumptions. The worst guide is arithmetic; the next worst any form of economic model. The best guide is feeling and common sense. These tell us that major European companies are going to come into this country and run rings around local companies when the opportunity arises. The number of British companies likely to turn the tables in France, Italy, Germany and the Netherlands is not very high.

Now people who are so emotionally involved with the EEC that they can see only the favourable signs will argue that the currency shambles of the past week tells a different story. It means the death of the Common Agricultural Policy, they say. Perhaps—but common sense replies that if it does farmers in France and Germany will force their Governments to adopt some other form of agricultural protection (involving high prices) to replace it.

Kelly to bid for whole of UCS to-morrow

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, August 24.

MR. ARCHIBALD KELLY, the Clyde-side industrialist and financial adviser, Mr. James Sharp, will make a bid for the whole of Upper Clyde Shipbuilders when they meet Sir John Eden, Minister for Industry, in London on Thursday. The assets include the Govan, Scotstoun and Clydebank shipyards and the Linthouse steel fabrication unit. Originally, Mr. Kelly offered to take over Clydebank only, but following a meeting with Sir John last week, he agreed to "extend his interest" to other parts of UCS.

"It is the crunch day one way or another as far as we are concerned," Mr. Sharp told me last night. The Government's original plan, confirmed by Sir John in Glasgow as recently as last Thursday, was to dispose of the Clydebank and Scotstoun yards but to form a new company based on Govan and Linthouse. An "embryo Board" for this was to be announced early next month.

Earlier to-day Mr. Kelly had a 90-minute meeting with UCS shop stewards and full-time union officials. "We were discussing broad principles but no specific proposals," said Mr. Joseph Black, chairman of the Clyde Confederation of Shipbuilding and Engineering Unions. "Because of this, we cannot make a realistic assessment of the situation."

However, Mr. Kelly's bid was welcomed by the shop stewards, who promised "co-operation by the whole workforce to retain shipbuilding intact on the Upper Clyde."

Should Mr. Kelly's bid for the whole of UCS fall through, there is still a possibility of reviving his original offer for Clydebank alone. Plans for the yard, providing for a combination of building berths and a dockyard—so far unconfirmed by Mr. Kelly—are understood to exist.

The Government may offer loans under Section Four of the Local Employment Act and also other inducements under the Special Development Area provisions as Mr. Kelly, who owns Liffey Dockyard, in Dublin, could be classed technically as an incomer. To make such financial help available, however, the Government is likely to insist on, first, a realistic ability study of the yard, and secondly, some proof of his prospects to carry on a successful shipbuilding operation on the Upper Clyde, including new contracts once the present order book is completed.

So far, Mr. Kelly has not gone beyond his original offer of investing up to £1m.

Customers' talks

Yesterday, Mr. Kelly had talks with the UCS liquidator, Mr. Robert Smith, who had given him an indication of the price for the assets. The creditors' meeting is due to take place next Tuesday. It should also be noted that the banks' floating charges—which constitute the first call on any proceeds from the

winding-up process—are believed to amount to £3m.

Ray Daffer writes: Representatives of shipping lines with vessels on order with UCS will meet Government Ministers tomorrow. Mr. Nicholas Ridley, Under-Secretary of State at the Department of Trade and Industry, on Friday to discuss the Government's plans for the shipbuilding industry on the Upper Clyde.

It is thought that the Government is anxious to find out the degree of customer support it can expect from the lines for the proposed shipbuilding unit. However, the Government may also use the meeting to test shipowners' reaction to a possible takeover of the whole of UCS by Scottish industrialist Mr. Archibald Kelly.

I understand that most of the 11 shipowners will attend the meeting, in London on Friday afternoon. Between them they have ordered 22 ships, now either under construction or held in abeyance. Mr. C. R. Chatterton, chairman of Beardon Smith and Sons, which has three bulk carriers on order, said it was unlikely that his company would be represented at the meeting. "We were not given sufficient notice," he said, adding that he was doubtful about its usefulness.

Irish Shipping, with four bulk carriers on order due for delivery in 1972 and 1973, will be represented, however. The company wants to take the opportunity of advising the Government that it is still anxious to have the ships built on the Upper Clyde.

Ulster will stay integral part of U.K.—Faulkner

BY ARTHUR SANDLES

BELFAST, August 24.

MR. BRIAN FAULKNER, Ulster Premier, today made what seems like a last-ditch appeal to Stormont Opposition members not to wander too far away from established political procedures. This follows the talks in Dublin between Opposition MPs and Mr. Jack Lynch, the Irish Premier.

But the Faulkner plea—surely, what is needed in Northern Ireland to-day is constructive talk and co-operation between responsible people of all democratic parties—received a cool response.

Mr. Faulkner prefaced his conciliatory remarks with a firm reiteration that Ulster would remain an integral part of the U.K. Nothing—including terrorism and political blackmail—would change that, he insisted. "The sooner everyone fully realises that, the better for all of us—and I mean all of us."

The Premier's remarks must be seen against his own political situation. Mr. Faulkner cannot be too eager in his appeals to the Opposition. His Right Wing, with Mr. Paisley in the shadows, is quiet for the moment, but could easily be upset.

Anything like the suggestion of talks involving Dublin, London and both sides of Ulster political opinion, as suggested by the Northern Ireland Opposition, is unthinkable to Unionists.

Mr. Faulkner has been further detailing his meeting with Mr. Heath to his Stormont colleagues. It was after this briefing that an elected Opposition member made his remarks.

Talking of internment, Mr. Faulkner denied that the policy was deliberately one-sided. The instructions given to the security forces were, and still are, that all dangerous men on whom they had reliable information which marked them out as definitely implicated in terrorist organisations should be arrested.

"This is a matter which has nothing to do with politics or religion. It is a straightforward matter of public order and safety, and I therefore deplore the efforts of those who are trying to use the terrorism issue to blacken the Government as being partial and repressive."

"Further measures" The decision to introduce internment had been made with great reluctance. However, he was convinced it was absolutely necessary.

The 28-day period between arrest and actual internment for those arrested in the first Army swoop is now half way through. No decision has yet been taken on these first 230 people.

Mr. Faulkner outlined some of the proposals which his Government had introduced in the recent past aimed at making sure that an elected Opposition could play a fair and useful part in the running of Northern Ireland. He also hinted at further measures which were being considered.

"We will not be deflected from the principal course of our policy because of the current attitude of the Opposition," added Mr. Faulkner. "Nor would I sympathise, as we are going to abandon these or other policies in the face of clamour from those on the other side of the political spectrum who cry betrayal at every sign of change and progress in the community."

A new scheme to compensate people whose homes have been maliciously damaged was announced to-day by the Ulster Minister of Home Affairs. It covers the three months to September 30 and is designed to help these unable or unlikely to obtain compensation under the Criminal Injuries Acts.

The wording of the statement appears to suggest any damage caused by security forces. A Ministry spokesman said applications made more than three months after the damage was caused would not be eligible. Dublin aims for political solution, Page 27

City writ served on Turriff

By John Hunt

THE CITY CORPORATION announced yesterday that it had commenced proceedings for damages against Turriff Construction Corporation over the company's withdrawal from its building contract at the Barbican.

Shortly after the announcement from the Corporation, Turriff said that the writ had been served at its City office in Throgmorton Street.

Mr. L. R. Robinson, chief executive of the company, stated: "Of course, it will be strongly contested by us."

The Corporation statement said that the proceedings against Turriff were for "damages for breach and/or repudiation of contract."

It said that the Corporation did not accept the statements attributed to the Turriff directors in yesterday's Press when the company announced its withdrawal from the contract to build Phase Two of the multi-storey flats development.

In particular, the Corporation denied that it had repudiated the contract with Turriff for the building of Phase Two.

The statement said it was apparent that the directors of Turriff Construction had decided to discontinue the performance of the contract.

This action had been accepted by the Corporation as a repudiation by Turriff Construction of the contract, and the Corporation had therefore commenced proceedings.

Turriff says that it originally took on the contract in 1964 at a price of £6m. and with a completion date of January, 1968. It says that the work is now 80 per cent completed and independent quantity surveyors appointed by the company now value the work at £14.5m.

So far, according to the company, the City Corporation has paid only £10m.

Turriff's part of the £40m. Barbican scheme involved four blocks of flats, one tower block, two blocks of maisonettes and the City of London School for Girls.

Clarksons not hit by bad publicity

BY KENNETH GOODING

SO FAR, Clarksons Holidays does not seem to be suffering as a result of the adverse publicity it has recently received, managing director Mr. Tom Gullick maintained yesterday.

There had been no noticeable change in the rate of bookings and all sections were ahead of last year. Bookings for next summer were arriving at the rate of 1,000 a day and were one-third up on the same period of 1970. For winter holidays, there were 1,000 bookings against 40,000 last winter.

Mr. Gullick was speaking after the annual meeting of Clarksons parent company, Shipping and Industrial Holdings, at which chairman Mr. Jocelyn Hambro forswore questions on the "Clarksons situation by saying it was taking 'unprecedented steps' to achieve greater protection for holiday makers travelling with the company."

"I have every confidence in Mr. Gullick's ability to keep his company at the top of the league both in efficiency and profitability," he added.

Mr. Hambro also referred to the auditors' qualification of the accounts because Clarksons last year failed to collect over £1m. of debts as a result of difficulties with its new computer.

Court Line rumours

Good progress had been made in the collection of the debts as a result of the new computer, and "there is no reason to suppose that the balance will not be collected in the ordinary course."

As for Shipping Industrial as a whole, Mr. Hambro stated that the present world currency difficulties were unlikely to have any material effect on the current year's operations and the forecast that profits would be at least match those for 1970 was still valid.

Rumours that Shipping Industrial might bid for Court Line, the concern which owns the jets

which ferry Clarksons' customers from Luton airport, gained ground again yesterday.

Court Line was the day's most active stock, and at one point reached 156p, a gain of 9p on Monday's price, but the shares closed at 148p, up 1p.

This was after Mr. Gullick had denied Shipping Industrial was about to bid for Court Line. "We would prefer to live in sin with them rather than to get married. However, if the wrong sort of party started to show an interest in Court Line we might change our minds."

Despite Clarksons' optimism, its proposal for an independent authority to control travel agents is almost certain to be turned down by the other leading travel companies.

Today, the powerful Steering Committee of the Tour Operators Study Group meets to consider the scheme. In addition to Clarksons, the committee consists of six big travel companies and most of them are hostile to the proposal. Mr. V. G. Kaitz, chairman of Horizon Travel, is firmly against it.

NEW RULES ON ACCOUNTS PROPOSED

STIFF new rules on treatment of extraordinary and prior year items in company accounts are proposed by the Institute of Chartered Accountants in England and Wales. The suggested new rules, contained in an exposure draft, would virtually bar "reserve accounting," whereby many firms write off extraordinary items against reserves instead of putting them through the profit and loss account.

Tough rules, Page 13

Lucas closes all its Birmingham plants

BY MICHAEL HAND, LABOUR CORRESPONDENT

THE Lucas group closed down all nine of its car component factories in the Birmingham area last night on the second day of the unofficial strike by 300 key maintenance engineers.

The strike has halted production in Birmingham of all Lucas components used by British Leyland, the group's main customer, and also by Chrysler, Ford and Vauxhall. But it is estimated that with the present high level of stocks, the strike would have to go on for about 12 days before production in the motor industry would be seriously threatened, and it is expected that it will be settled before then. Some 4,000 Lucas workers were already working only four days a week because of reduced demand for its components.

The 300 engineers on strike carry out the essential day-to-day maintenance and repair of all mechanical equipment in the nine factories.

They stopped work on Monday because of a dispute with the management over their holiday pay. During the summer break in July, most of the manual workers were paid average earnings as a result of a new pay and conditions agreement negotiated by their unions.

Same terms

But as the maintenance engineers' agreement for 1971-72 has not yet been negotiated, they continued to be paid basic rates during their holiday, as would the remainder of the manual workers had their new agreement not started operating before the annual break. The engineers are complaining that they, too, should have been

given average earnings. The company has told them that it is prepared to consider the question of holiday pay when negotiations on their new agreement begin on Monday, the day before their present deal expires, but it is apparently not prepared to look at the holiday pay issue in isolation before then.

It is expected that the engineers will, in fact, get the same treatment on holidays under their new agreement as the rest of the manual workers. The company would then also have to decide whether or not to return the extra money for the recent holiday as well.

The strikers, who belong to the Amalgamated Union of Engineering Workers, are due to meet again on Friday to decide whether or not to return to work.

In another strike in Birmingham yesterday, production of British Leyland Minis was stopped when 28 workers involved in a pay dispute walked out from the group's Longbridge factory.

A total of some 2,000 day and night-shift workers were laid off at Longbridge and another 1,500 from the company's plant in Castle Bromwich where bodies for the Mini are made. The strikers' job is to move Mini engines from the engine assembly section on to the car assembly line.

WESTERN SMT'S NEW COMPUTER

Western SMT, part of the Scottish bus group, has taken delivery of a £78,000 Honeywell 115 computer for its Kilmarnock office to deal, among other things, with the weekly pay roll.

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U.K. TO-DAY

A ridge of high pressure over the British Isles, but a trough approaching Southern areas from NW. Scotland and Northern Ireland will have variable cloud and a few sunny spells. SE Scotland and Wales will have long sunny spells. Temperatures will be near normal generally, but rather cool early and late over Central and Eastern England.

London: S.E. and Cent. S. England. Channel 15. Wind E. to S.E. Moderate, increasing fresh. Max 21C (70F).

Long sunny spells. Wind E. to S.E. Light to moderate. Max 19C (66F).

Midlands: N.W. and Cent. N. England. Dry sunny spells. Wind E. to S.E. Max 21C (70F).

S.W. Wales: Lakeland I. of Man. Cloudy early, becoming mainly sunny. Wind E. or S.E. Max 19C (66F).

N. Ireland: W. Scotland. Rather cloudy mainly dry. Wind Southerly light. Max 17C (63F).

Edinburgh: Cent. Highlands. Duller. Calmish. Cloudy with sunny spells. Mainly dry. Max 17C (63F).

Orkney: Shetland. Sunny spells, becoming cloudy. Perhaps rain later. Max 15C (59F).

Outlook: Dry in many places at first, but rain probably spreading across southern and central areas.

BUSINESS CENTRES

City	Mon	Tue	Wed	Thurs	Fri	Sat
Amsterdam	21	22	23	24	25	26
Batavia	21	22	23	24	25	26
Bombay	21	22	23	24	25	26
Buenos Aires	21	22	23	24	25	26
Canton	21	22	23	24	25	26
Cebu	21	22	23	24	25	26
Hankow	21	22	23	24	25	26
Hong Kong	21	22	23	24	25	26
Kobe	21	22	23	24	25	26
London	21	22	23	24	25	26
Lyons	21	22	23	24	25	26
Manila	21	22	23	24	25	26
Medan	21	22	23	24	25	26
Osaka	21	22	23	24	25	26
Panama	21	22	23	24	25	26
Peking	21	22	23	24	25	26
Rangoon	21	22	23	24	25	26
San Francisco	21	22	23	24	25	26
Singapore	21	22	23	24	25	26
Sourabaya	21	22	23	24	25	26
Tientsin	21	22	23	24	25	26
Yokohama	21	22	23	24	25	26

Ordnery: Shodland	
Sunny spells, becoming cloudy	
Perhaps rain later. Max 17°	
(6.0P.)	
Outlook: Dry in many places at	
first, but rain probably spreading	
across southern and central areas	

BUSINESS CENTRES			
	Y. Jan. 1	Y. Jan. 2	Y. Jan. 3
Amsterdam	S 21	22	23
Antwerp	S 21	22	23
Batavia	S 21	22	23
Bombay	S 21	22	23
Buenos Aires	S 21	22	23
Canton	S 21	22	23
Cebu	S 21	22	23
Hankow	S 21	22	23
Hong Kong	S 21	22	23
Kobe	S 21	22	23
London	S 21	22	23
Lyons	S 21	22	23
Manila	S 21	22	23
Medan	S 21	22	23
Shanghai	S 21	22	23
Singapore	S 21	22	23
Sourabaya	S 21	22	23
Tientsin	S 21	22	23
Yokohama	S 21	22	23